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The Midas Touch: Campaign Finance Practices of Statewide Officeholders

New York State Commission on Government Integrity

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The Midas Touch:
Campaign Finance Practices
Of Statewide Officeholders

New York State Commission on Government Integrity
June 1989

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Campaign Finance Practices
of Statewide Officeholders***

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Part 1

**Analysis
and
Recommendations**

Introduction

Over the past eighteen months, the Commission on Government Integrity has devoted considerable time and resources to investigating the fund-raising practices of candidates for public office in New York. It has held a series of public hearings, computerized campaign disclosure statements for the first time, and issued a series of reports on the subject.¹ The Commission's probing of the present campaign finance system, and its examination of the concerns and practices of candidates, contributors, and the Board of Elections, has illuminated serious interlocking problems in current practices:

- * **Candidates for public office need enormous sums of money. Modern campaigns for major office depend heavily on media, especially costly television advertising, and expensive consultants. These financial pressures cause officeholders to solicit money through the entire terms of their office, in order to raise the needed totals.**
- * **Less than three tenths of one percent of the voters in New York make political contributions. The vast majority of contributions comes from a small core group of contributors, many with special interests to promote. These contributors give most freely to those already in office, those in powerful positions, and those seen as likely winners, in order to ensure access and influence and to protect against the spectre of adverse action.**
- * **The constant need to raise funds makes it difficult for incumbents to separate their fund-raising activities from their official activities. Their official staffs, many of whom also often work on their campaigns, blur those distinctions even further.**
- * **Existing statutory limits on campaign contributions are absurdly high. Wealthy contributors easily dominate the fund-raising scene.**
- * **Disclosure mechanisms are so ineffective that the contribution process is hidden from the public and press. The Board of Elections, the nominal enforcement agency, is actually subservient to the very groups it is meant to police. Even when the Board takes steps to improve its enforcement procedures, it is hampered by a lack of needed funds.**

¹ See Appendix One for a listing of all of these materials, which are available upon request from the Commission on Government Integrity.

Each of these problems contributes to the popular view that big gifts buy influence. Although not the norm, some of the solicitation efforts we have investigated seem to invite prospective contributors to believe that their contributions may help them or that their refusal to give may hurt them. Even when officeholders attempt to prevent such impressions, they may not be able to dispel the unexpressed uneasiness in the minds of prospective contributors that a refusal to contribute may subtly influence decisions affecting their business interests. Candidates cannot reduce their need for money, and they have great difficulty obtaining adequate funding from those who are financially disinterested. They must inevitably solicit the bulk of their campaign funds from those who have a financial stake in the business of government.

Earlier Commission reports have addressed each of these problems and laid out a program of reform recommendations. But nowhere are these forces more powerful, or more obvious, than in the case of our statewide elected officers. This report, while drawing on the Commission's previous work and what has been learned about how candidates for other offices raise money, focuses on the fund-raising practices of the Governor, Attorney General and Comptroller of New York State during the periods of their incumbency.² Their fund-raising practices provide a compelling argument for the reforms needed to break the current cycles of behavior that make political fund-raising so troublesome.

In public testimony before the Commission,³ our statewide political leaders all made encouraging statements of support for various reform measures. Governor Cuomo promised to sign any reform bill placed before him. Attorney General Abrams and Comptroller Regan reiterated their longstanding endorsements of reform. All three pledged a number of voluntary restraints in the interim until a reform statute is enacted. Both Assembly Speaker Miller and Senate Majority Leader Marino, in public testimony before the Commission on March 17, 1989, spoke of the need to strengthen the Board of Elections and adopt far more stringent contribution limits. In addition, and most important, they indicated a willingness to explore the possibilities for public funding of at least some elections in New York.

These statements bespeak recognition that it is not enough to rely on the good faith and *ad hoc* controls of individual officeholders. These controls tend to break down in the face of the overwhelming pressures both upon candidates seeking to gain or keep office, and upon businessmen competing for lucrative business opportunities. One candidate cannot be expected

² The fundraising practices of each of these three statewide elected officials are described separately in Part 2 of this report.

³ Comptroller Edward V. Regan testified on September 23, 1988. Governor Mario M. Cuomo and Attorney General Robert Abrams testified on March 10, 1989.

to hold back when an opponent is taking every advantage the law allows, and one business firm cannot be expected to hold back when a competitor may be gaining advantage through campaign contributions. The competitive nature of both politics and business tends to push even the most conscientious participants to the limits of the law. Institutional safeguards must be adopted and they must go far beyond any now in place in order to restore citizens' confidence in the integrity of officeholders and institutions.

I. The Need for Money Breeds a Constant Preoccupation with Fund-Raising

Every statewide officeholder testified that he abhorred fund-raising. This echoes the sentiments of every other candidate whose testimony has been heard--all describe fund-raising as the most distasteful of their activities. Yet they cannot escape it, even when the next election is two or three years off.

Modern political campaigns are extremely expensive. To compete effectively, especially for statewide office in New York, candidates must raise and spend millions of dollars. And as the price of advertising--particularly television time--goes up, so does the cost of getting elected. Air time alone for a single 30-second prime time television commercial can cost as much as \$30,000 today. In addition, candidates must hire an array of expensive pollsters, media consultants, public relations advisors and the like.

The need for huge sums does not disappear when the election is over. In many cases, the winner is left with a sizable campaign debt, and every officeholder must plan early in his or her tenure to raise money for the next campaign, be it one for re-election or for some other office.⁴ This creates an unhealthy preoccupation with fund-raising throughout the election cycle. Candidates continuously raise money, even when their war chests are full, and even in non-election years. In 1988--two years before the next statewide elections in 1990--each of the statewide officeholders held major fund-raising events:

⁴ The Attorney General entered the 1986 race seeking a two-tiered pledge from his major contributors: \$15,000 from each should he run for Attorney General; \$50,000 from each should he run for Governor. Fund-raisers for both Abrams and Regan spoke of raising extra money to protect against the possibility of some wealthy candidate entering the race.

Candidate	Date of Fund-raiser	Cash on Hand Before	Amount Raised
Cuomo	November 30, 1988	\$3,591,000	\$1,158,040
Abrams	January 12, 1988	\$1,000 ⁵	\$326,850 ⁶
Regan	May 2, 1988	\$144,000	\$866,080

Off-year fund-raising is a particularly effective way to discourage potential challengers, the political version of a "preemptive strike." Few challengers have the kind of name recognition necessary to raise large amounts years before an election. As a result, incumbents enjoy a tremendous advantage, and the voters may be denied an important choice. This attempt to discourage future challengers is not limited to off-year fund-raising. Incumbents sometimes campaign and spend heavily even when they are not opposed or when the opposition is feeble.

Campaigns are so expensive that despite constant fund-raising, even incumbents run out of money.⁷ The more one candidate spends, the more his or her opponent feels compelled to spend, and the costs escalate out of control. Frequently a candidate will hoard or borrow funds for a surprise last-minute media blitz. In such a case, the opponent, too, often borrows money from family, friends or from banks (with the loan personally guaranteed by key contributors). The task of raising money to repay these debts is deferred until after the election in the generally correct belief that victory will make the necessary fund-raising easier.

Modern political fund-raising generally requires repeated personal appeals by the candidate to potential contributors. Only the Governor and the Mayor of New York City, by virtue of the powers inherent in their offices, are in a position to delegate solicitation to others. Their volunteer or professional fund-raisers function as their surrogates, using the Governor's or the Mayor's name and position to attract crowds to huge events and to solicit money directly from wealthy individuals. Candidates for less prominent office cannot afford the luxury of

⁵ This figure reflects cash on hand as of September 1, 1987, the point at which the campaign committee began to organize the solicitation effort for the January 12, 1988 fundraising event.

⁶ Abrams raised \$282,000 from 7/14/87 to 1/11/88; he raised \$44,850 from 1/12/88 to 7/13/88.

⁷ The proceeds of the Abrams' fund-raiser held in January, 1988, were used in part to pay off the campaign committee's \$58,000 outstanding debt from the 1986 campaign.

Regan likewise borrowed \$290,000 in October, 1986 to meet unexpected, last-minute campaign expenses. He held his annual Spring fund-raiser at Lincoln Center in New York City on June 8, 1987, and used the proceeds in part to defray those costs.

distancing themselves from personal involvement in fund-raising. For them, fund-raising is an unending process requiring their personal attention.

Candidates make constant efforts to expand their network of potential contributors and to cultivate the friendship of the wealthy and powerful. They and their representatives glean names of potential contributors from various sources, including lists generated in the course of their official duties.⁸ Whether they meet such potential contributors in an official context or in a social setting, many note and record names and pertinent details, and make sure their campaign committees receive that information.⁹ And whether the work is done by the campaign committee or the candidate or both, the actual fund-raising involves hard work.¹⁰

⁸ People who attended the Governor's Business Barbecue in 1984 (paid for by State funds) found themselves invited to serve on his Dinner Committee, his core group of fund-raisers. In a memorandum to Cuomo, Lucille Falcone (Counsel to Cuomo's Campaign Committee and the main organizer of the Committee's fund-raising) asked him to provide the names to her, so that they could be recruited for the fund-raising team.

The Attorney General's official Department of Law Major Mailing List grew by some 433 names between 1986 and 1988. Although the stated purpose for the list was to communicate the views of the Attorney General on issues of public importance to those in leadership positions in New York, 94% of the added names were those of contributors.

⁹ Identifying such individuals was one of the assigned tasks of Joseph Palumbo, Comptroller Regan's assistant.

¹⁰ Both the Ned Regan Support Committee and Friends of Mario Cuomo use the same techniques as the most effective private philanthropies. In the Comptroller's case, Dinner Committee Chairs or Co-Chairs for the annual spring dinner are selected on the basis of their "outreach" -- the ability to buttonhole large numbers of friends and other contacts and to solicit pledges or purchases of tickets and tables. Thereafter follow-up calls are assiduously made by campaign committee staff and volunteers. The Comptroller's administrative aide takes a leave of absence from his official job to make these follow-up calls. In campaign years, or years when there is a post-election debt, a second dinner may be held. Although the fund-raising goal is typically lower, the second dinner is preceded by the same organizational efforts supporting the Spring dinner. The Comptroller is intimately involved in the planning process.

The Governor's campaign committee follows the same model of fund-raising although the Governor is less personally involved. The selection of Dinner Committee members is made with great care on the basis of their ability to reach out to potential contributors, and each member is given goals to meet. Because of the Governor's high visibility, he is able to raise substantially more money through fewer fund-raising events.

Attorney General Abrams, though perhaps more visible to the general public than the Comptroller, has a more directly personal approach. Eschewing the formula of an annual fundraising event, he adopts a "one-on-one" approach. Beginning almost two years in advance of the next election, he embarks on an organized program of individual breakfast or luncheon meetings with prospective contributors of substantial sums. While these may not be his only meetings with these individuals (many of whom he describes as friends), they are the occasions for a specific, and highly choreographed, request for substantial financial support. One of the members of his Finance Committee is always present, charged with the responsibility of eliciting a pledge of \$15,000 (or \$50,000 if the Attorney General were to run for Governor). In addition to this "one-on-one" program, the Attorney General raised approximately \$700,000 through a large fund-raising event on October 23, 1986 and a series of smaller events whose hosts were, in many instances, first approached by the Attorney General himself.

To make clear that they are not interested in these individuals solely for their money and connections, the candidates, for example, host "non-political" dinners to show their appreciation to key contributors and meet with the contributors throughout the year to discuss issues and maintain relationships. The contributors, in turn, value the feeling of a special relationship with a powerful official, a relationship that includes direct access to the officeholder that is not available to the general, non-contributing public.

The preoccupation with fund-raising undermines the political process. There is no doubt that to obtain or retain office, candidates must have access to vast sums of money. But those funds should come from a broad base of support, not from the wealthy few, and all candidates should be bound to reasonable spending limits. Officeholders could then devote more time to their duties without the distraction of constant fund-raising. More important, the citizens of this State could be assured that candidates' campaigns were not funded primarily by those with a financial stake in governmental action. This is only possible with a system that provides for public funding of campaigns.¹¹

II. Special Interest Money Flows to Powerful Incumbents and Likely Winners

As Governor Cuomo observed during his testimony before this Commission on March 10, 1989: "And let's be candid.... Practically, you know, [fund-raising] is easier for me now than it has been for a long time."¹² He echoed the testimony of his former fund-raiser, William Stern, who described the magic moment, after Cuomo had won the Democratic primary for Governor in 1982, when prospective contributors' attitudes suddenly changed and people lined up to thrust cash and checks into Stern's pockets, even as Cuomo walked to the podium to claim his victory. Stern testified that these contributors, in his view, were attempting to ingratiate themselves with somebody who was to be Governor.¹³

¹¹ Lower contribution limits would go part way toward the goal of broad-based financial support of campaigns, for candidates would, of necessity, appeal to a wider constituency for the funds they require.

¹² Tr. Mar. 10, 1989, at 18. Unless otherwise indicated, citations to "Tr." refer to transcripts of the Commissions' public hearings. Citations to "Hrg. Exh." refers to exhibits introduced at those public hearings; "Dep. Tr." refer to Commission depositions.

¹³ Tr. Mar. 15, 1988, at 132.

Every fund-raiser and every candidate with whom the Commission spoke described the vast advantages which incumbency, in and of itself, confers on campaign fund-raisers. The most commonly expressed theme was the euphemism that "everybody loves a winner." Incumbents are, by definition, winners. As Senator Marino stated in his testimony,¹⁴ contributors give to incumbents

"because the incumbents generally win 99% of the time, and why give to a loser.... [You give to a winner] because you are going to be seeing that winner.... talking to that winner. You are not going to be talking to the loser at all."

The more powerful and visible the office, the more easily the money flows to its occupant's campaign committee. Governor Cuomo, and to a somewhat lesser degree, Mayor Koch, are able to attract large sums despite self-imposed restrictions, whenever they decide to hold a fund-raiser. The Governor's annual fund-raisers were suspended in 1986 and 1987; when he resumed fund-raising in December, 1988, he was able to raise \$1.15 million despite voluntary limits on the size of contributions from individuals and corporations.¹⁵ Speaker Miller testified¹⁶ that:

"There is no question that as a party leader I could have raised double that amount [about \$80,000] if I wanted to. Any party leader--the Governor can raise twenty times that amount. That is the way the world is."

Mr. Schwarz: *As the Governor said, "The money flows over the transom."*

Speaker Miller: *The money comes off the back of the truck, right."*

By contrast, Lawrence Huntington, chairman of the Ned Regan Support Committee described the fact that "nobody knows who the Comptroller is and what his job is" as the

¹⁴ Tr. Mar. 17, 1989, at 122.

¹⁵ Governor Cuomo agreed to abide by the fund-raising constraints of the campaign finance bill that he proposed and the Assembly passed in 1988. In somewhat the same vein, Mayor Koch restricted the size of contributions he would accept in connection with his 1988 fund-raising "birthday" dinner; nonetheless he raised about \$700,000 through that one event.

¹⁶ Tr. Mar. 17, 1989, at 61.

greatest handicap Comptroller Regan faces in his fund-raising. Groups that do business with the Comptroller's office are targeted for fund-raising precisely because they are among the few who know the Comptroller and the work of his office.

As important as the fact that they are likely winners, incumbents are in the position to make or influence the decisions of government. As a result, contribution money flows in especially large amounts from those groups over which the officeholder has authority, and substantial proportions of the money which flows to the statewide officeholders come from identifiable interest groups and from businesses. Analysis of campaign contribution patterns confirms the dominant role of special interests over which the statewide officeholders exercise discretion.¹⁷ Across the board, and particularly in the statewide races, incumbents raised vastly more money than their challengers, with heavy funding from special interests.¹⁸

In certain industries, there appears to be an especially high correlation between those who receive state business and those who give. For example, an overwhelming proportion of Comptroller Regan's campaign funds are contributed by those who receive business from the Comptroller's Office in connection with the annual Spring Borrowing¹⁹ and investments of the Common Retirement Fund.

Similarly, over 90% of engineers who receive contracts from the Department of Transportation and from the Thruway Authority make contributions to Governor Cuomo's campaign committee or to the State Democratic Party campaign committee. Notably, engineers--even those contracting primarily with other state agencies and authorities--do not typically contribute in significant amounts to other campaign committees. When asked to explain the reasons for making these contributions, the engineers uniformly said that, while they did not believe they received any particular benefits as a result of their contributions, they wanted to protect against the possibility of some adverse decision, and were "not going to take a chance and not contribute."²⁰ Other contributors from various industries interviewed by Commission staff also said that their gifts were not an expression of ideological support, but

¹⁷ See Appendix Three, Exhibit 1.

¹⁸ This pattern is repeated in the Legislature. There, it is the dominant party in each house that attracts the most money; special interest money flows to the majorities in far larger amounts and proportions than to the minorities. See, *The Albany Money Machine*, Charts F and G. In addition, as Exhibits 11 and 12 introduced at the Commission hearing on March 17, 1989 show, when individual legislators achieve leadership positions, the amounts contributed to them increase dramatically. Contributions to both Speaker Miller and Senator Marino, for example, nearly tripled after their predecessors announced their retirements. See Appendix Three, Exhibit 3.

¹⁹ Spring Borrowing is the State's annual short-term borrowing against anticipated revenues.

²⁰ Tr. Mar. 10, 1989, at 24.

rather, reflected a pragmatic understanding that the office-holder is in a position to affect them by some official action, and their concern to protect against some possible but unspecified adverse decision. Lobbyists said they give (usually through PACs) in order to obtain "access and influence" rather than to support one ideology or political party. This is underscored by the fact that they often give large amounts to members of both parties.²¹

Every fund-raiser and officeholder who testified or who was interviewed categorically insisted that fund-raising and government decision-making were never linked, even indirectly. Candidates differed, however, in the steps they took to ensure separation (such as adoption of a policy against accepting contributions from those doing business with their offices or agencies), and in the degree to which they actively targeted groups or individuals who might have business with their offices.

Only the Attorney General has adopted any policy of restraint in accepting contributions from some category of contributor who has business with his office, but that policy is so narrow as to raise as many questions as it answers.²² Condominium and cooperative apartment plan sponsors whose plans are in the narrowly delineated "red herring" (or initial application) phase of the application process, and who have made a contribution during that phase, may inform the Attorney General of the existence of the plan and ask for a refund of their contributions. All contributors are informed of this policy through a notice stapled to the Attorney General's personally signed thank-you note. This limitation is also discussed during the "one-on-one" meetings between the Attorney General and prospective contributors.

This policy is flawed in several crucial respects.²³ First, the campaign committee relies on the contributor to come forward and demand the return of his or her contribution. The very person who may be seeking to ingratiate himself with the officeholder is the one to whom the campaign committee looks to police its ban. Second, the time period when contributions from sponsors are subject to refunding is too narrow. It leaves out the critical period of time

²¹ Tr. Mar. 17, 1989, at 27-28.

²² At the hearing on March 10, 1989, Abrams announced additional voluntary restrictions he would place on his own fund-raising. He agreed to restrict corporate contributions from related corporations to the same levels as the maximum that state law allows for individual contributions, although he conceded that this limit would still far exceed the amount any one corporation could give. He also promised to refrain altogether from accepting contributions from those with whom his office has contractual relationships, and to submit contributions from attorneys representing clients with cases pending in his office to an independent body for a conflict of interest review.

²³ A detailed discussion of the problems with this voluntary ban is presented in Part 2, pages 45-48 below. A statutory ban of a similar nature would, of course, suffer from the same flaws. See discussion of the New York City experience with Election Law 14-114(9)(a), the so-called "Goodman Amendment," in the Commission report *Unfinished Business*, at 23 *et seq.*

following the “red herring” period during which the decisions of the Attorney General’s office continue to have an immediate economic impact on the sponsors, as well as the period immediately prior to the submission of the “red herring,” when the sponsor has taken steps to file a plan, but has not yet done so. The Attorney General makes no provision for the return of a contribution when it is followed in short order by the filing of a plan.

Finally and most important, the policy does not prohibit Abrams or his aides from meeting with and personally soliciting--although not collecting--contributions from sponsors of plans with pending red herrings. The campaign committee does not screen from its one-on-one solicitation program potential contributors with pending plans. Although it may not be the intent, a solicitation while a plan is pending, coupled with advice that the payment cannot be made until the plan has been accepted, probably amounts to more inescapable and inherent pressure than simple acceptance of a contribution during that period.

Although the Attorney General’s step in the direction of self-restraint has its drawbacks, it is, at least, a step in the right direction. The other statewide officeholders and their fund-raisers aggressively solicit money from all categories of people who do business with their offices.²⁴

While the Governor testified that he remains above the direct fund-raising fray, the chief organizer of his fund-raising efforts estimated that one prominent lobbyist, Howard Rubenstein, had alone been responsible for raising more than \$200,000 on the Governor’s behalf in connection with each of the fund-raising events.²⁵ The solicitation lists developed and used by the Governor’s campaign committee include lists of registered lobbyists, lists of attendees to the Governor’s Business Barbecue, and lists broken down by category: Banking, Insurance, Finance, Attorneys, Engineers, Brokerage Houses and so on.

In the case of the Comptroller’s fund-raising, the evidence suggests a deliberate targeting of firms that his Office uses for Spring Borrowing²⁶ or for pension fund investment. This targeting focuses on industry groups and on names of particular firms with particular contracts.

²⁴ Even the Attorney General has solicited contributions from a law firm representing a client with a pending matter; his voluntary ban has, in the past, not barred soliciting contributions from attorneys in such cases. See Part 2, pages 48-50 below.

²⁵ At a Commission hearing on June 20, 1988, Rubenstein testified that he had decided, on his own initiative, to refrain from political fund-raising in the future, because of the possible appearance of impropriety involved in professional lobbyists engaging in such fund-raising efforts. (Tr. June 20, 1988, at 279 *et seq.*)

²⁶ See fn.19 above.

In light of the vast amount of money which flows from those who do business with government, it is not surprising that no statewide elected official has endorsed an outright ban on accepting contributions from those who do business with his office. Such a ban is typically characterized by New York officials as unworkable, notwithstanding the adoption of such a ban by the federal government and the state of California.²⁷ Whether or not officials admit it, such industry groups--so responsive to solicitations--have become a pillar of their campaign fund-raising efforts.

III. Officeholders' and Candidates' Roles Are Blurred

There is powerful pressure for even official transactions to become imbued with something of the fund-raising agenda, despite efforts of officeholders to resist this. All three statewide officeholders demonstrate keen awareness of the all-consuming nature of their official roles. They all emphasize that they continue to be Governor, Attorney General, or Comptroller twenty-four hours a day. If they seek re-election, they must then add candidate and fund-raiser roles to their official roles.

To be effective, officeholders who are candidates must obviously delegate responsibilities to key staff aides on whom they can rely to implement their policy directives. Moreover, officeholders tend to use the same trusted aides for both official and political purposes. This practice contributes to the perception that government decision-making is intertwined with campaign matters, including the fund-raising process, and that contributions yield access and influence.

Each of the elected officials separates, at least in his own mind, his official and political roles. To some extent there is a degree of procedural separation as well; the officeholder may, for example, leave his office to make campaign-related calls. But the wall of separation is not solid, and it begins to break down when staff members play multiple roles, or when campaign committee members hold important policy positions in government. Those close to the officeholders have acknowledged that they cannot simply purge their minds of the knowledge

²⁷ See *Unfinished Business*, at 28. Section 14-114(9)(a) of New York Election Law limits contributions from those with business before New York City's Board of Estimate; a similar provision is in effect in the City of Chicago. In Kentucky, no elected statewide official may solicit contributions to retire a campaign debt from any person paid for services rendered under a state contract. See R.D. Michaelson, *Campaign Finance Update: Legislation and Litigation* (Illinois State Bd. of Elections, Dec. 1988) at 19, 26-27.

that a person with whom they are dealing concerning official matters is also a fund-raiser or major contributor. When asked about this problem, Regan's campaign committee chairman responded:

*"I think you've hit the heart of what's wrong with our system, and it cries out for reform."*²⁸

In varying degrees, the fund-raising practices of all three statewide officeholders illustrate this blurring of the officeholders' official and political roles.

More than any other candidate, Governor Cuomo distances himself personally from direct fund-raising efforts. His volunteer and professional campaign staff puts together a Dinner Committee which is charged with soliciting ticket purchasers. The Governor does not even stay for the entire organizational meeting at which those groups are briefed, but leaves after a brief "pep talk." He testified that he neither knows nor wants to know who contributes, or in what amounts; at most, he testified, he is incidentally aware of who actually attends the dinners. Thank-you letters to contributors are signed by staff.

Yet documents from the campaign committee, particularly memoranda to the Governor from Lucille Falcone, suggest that she has worked closely with the Governor in selecting this core group of fund-raisers, a group composed of leading representatives of many industries which have a great deal of business with the State. Falcone stated plainly to Commission staff who interviewed her that she deliberately cultivates the impression among the Dinner Committee members that their efforts on the Governor's behalf are known, recognized and appreciated by him. "Otherwise," she said, "you would never get any money."

In addition, a number of the Governor's advisors participate in the fund-raising effort, either as volunteers on their own time or as paid campaign staff while on leave from their state jobs.²⁹ And, as discussed in more detail in Part 2, an employee of the Niagara Frontier Transit Authority testified at a hearing before the Federal Merit Systems Protection Board that he

²⁸ Huntington Dep. Tr. Sept. 19, 1988; Hrg. Exh. 1, Sept. 24, 1988.

²⁹ William Hennessey represents a slightly different example of the blurring of roles of state officials. Hennessey went from a position as Commissioner of the State Department of Transportation, to one as Chairman of the State Democratic Committee, and then back into government as Chairman of the Thruway Authority. The Commission's investigation discloses that engineering firms doing business with DOT and the Thruway Authority appear as contributors to the State Democratic Party and to Friends of Mario Cuomo in larger percentages than do similar firms who do business with other state agencies.

believed that his job would be at stake if he did not buy a ticket to a fund-raising event for the Governor's campaign.

Attorney General Abrams is deeply involved in his own fund-raising, relying as he does to a large extent on the "one-on-one" program which involves his meeting at length with individuals and asking for large sums from each of them. He does seek to separate these meetings from the business of his office, carving them out of his official day, scheduling them at places outside his office, and involving in each of them a senior member of his Finance Committee. But virtually all of his key contributors are included--with pertinent information about spouses, nicknames and employment--in the Attorney General's "Major Mailing List," a list that was created and maintained at Department of Law expense, and which has been increasingly composed of the names of Abrams' contributors. Those on the list received personalized letters and "informational" packages of press clippings sent out by Abrams at Department of Law expense, with statements of his stands on such issues as crime and the fight against political corruption. The Major Mailing List itself found its way to campaign headquarters for use by campaign staff.

Several Law Department employees played important roles in the Attorney General's 1986 campaign, though they did not, apparently, have a direct role in soliciting campaign contributions. Both the campaign coordinator and the campaign office manager were employees of the Law Department who took leaves of absence to work full-time on the 1986 campaign. Both returned to the Law Department when the campaign was over. The Attorney General's executive assistant took a six-month leave to serve as manager of the Attorney General's 1982 campaign, then returned to his official position at the Law Department. Although he did not take a leave of absence in 1986, he participated in campaign strategy sessions, attended finance committee meetings, and served as a liaison between campaign staff and the Attorney General.

Comptroller Regan has adopted no formal division between his role as a fund-raiser and his role as Comptroller. Although he has declared that there is a "Chinese Wall" between the personnel involved in these two functions, the Commission's investigation reveals no written or otherwise memorialized policy to that effect,³⁰ as well as a number of fissures in the wall.

His campaign committee actively targets categories of contributors who have substantial business with his office. Although the requests for pledges and contributions are organized

³⁰ The only policy directive we have discovered states merely that:

No employee is to conduct political activities on paid State time.... In addition, State equipment, vehicles and office space are to be used only for official business. Office of the State Comptroller Employee Handbook, p.34.

around the annual or twice-yearly dinners, Regan meets regularly with contributors throughout the year. A number of members of the campaign committee hold unpaid positions on the Mortgage Advisory Committee and Investment Advisory Committee, two bodies which guide the Comptroller in connection with investment decisions for the Common Retirement Fund.

Regan's assistant, Joseph Palumbo, spent a substantial portion of the 1986 election cycle as a state employee engaged in what were essentially fund-raising activities.³¹ He targeted potential contributors among those doing business with the Comptroller's Office; he arranged meetings between Regan and potential fund-raisers; he met with key members and employees of the campaign committee to plan fund-raising strategies, memorializing the meetings in memoranda to Regan on official State Comptroller stationery. One witness from the investment banking community even testified that Palumbo, virtually simultaneously, both solicited campaign contributions from his firm and, on behalf of the Comptroller, invited a bid from his firm for a contract managing Common Retirement Fund investments. Only in the closing days of the campaign, and just before the major fund-raising events, did Palumbo take leaves of absence to add his efforts to those of others making repeated follow-up calls to contributors who had not yet made good on pledges.

These scenarios, when viewed together, reveal a troublesome picture. True, the elected official has round-the-clock duties and requires the assistance of trusted staff in order to attend to them effectively. True also, the same elected official must periodically campaign--at great expense--for re-election, and needs trusted staff in that area as well. Raising the funds required for an effective campaign is a monumental undertaking; again, trusted staff is needed. But it is neither necessary nor advisable, particularly in the case of the very well-funded and professionally run campaigns which characterize the statewide races, to employ the same cadre of people as both fund-raisers and public employees. Without the strictest separation between these functions, contributors may fear or hope that there may be a link between the decision to give or not to give and the official treatment they will get.

It is not possible to prevent a certain blurring of roles in the case of officeholders themselves. There, both the officeholder's good faith and the oversight of the voters must be relied upon. But official staff should not be involved in any way in soliciting contributions from those who have business with the officeholder for whom they work. Either there should be an outright ban on contributions from those who have business with the State, or, alternatively, the staff should be completely divorced from the fund-raising process, with fund-raising run by employees who are totally separate from the official duties of the officeholder. These steps,

³¹ This conduct does appear to contravene the Comptroller's policy memorandum prohibiting political activity on paid State time. See fn. 30.

together with sharply reduced contribution limits and increased disclosure, would go a long way toward restoring confidence in the integrity of the fund-raising process.

IV. Present Limits Amount to No Limits

Against this backdrop of the candidates' overwhelming need for money, the strong sense that many contributors have that their campaign contributions to officeholders are good for business, and the almost inevitable blurring of roles between officeholder, candidate and fund-raiser, it is small wonder that current practices make contribution limits, as presently drafted, illusory. Wealthy individuals with vested interests regularly contribute the maximum allowed by law: \$65,000 per statewide candidate,³² and a total of \$150,000 annually to all candidates. Many contributors, especially in the real estate business, also control a large number of separate corporations, for each of which the \$5,000 maximum allowable yearly corporate contribution is a paltry sum. To many contributors, determining how much to contribute is mainly a business decision, balancing how much the competitors are giving (the "going rate") against the potential risk of refusing to contribute at all or at the going rate.

The challenge for some contributors, having once decided the optimum contribution level in light of such factors, is to find ways to give--through family, employees, clients or customers, PACs, and so forth--more than even current limits permit for one individual. Candidates are not shy about explaining how to accomplish this.³³

³² A contributor may give to a statewide candidate both \$15,000 for the primary and \$50,000 for the general election.

³³ The current state of the law in New York on corporate contributions was succinctly summarized in a memorandum from Abrams' campaign director Ethan Geto to Howard Milstein, a developer who, from time to time, has submitted condominium and coop plans to the Law Department:

"[A]ny corporate entity, no matter how closely related to any other corporate entity, may contribute up to \$5,000 to political candidates in a calendar year. For example, if Milstein Properties consists of ten buildings, and each building is separately incorporated, each building may contribute up to \$5,000, even though all of these corporations may have the same Board of Directors, officers, etc.

In sum, any corporate entity that you or your family control may give up to \$5,000 per calendar year to political candidates for non-federal office."

As a result, multiple contributions from related corporations are common:

- * On a single day, Drexel Burnham Lambert contributed \$20,000 to Cuomo in four \$5,000 checks from affiliated corporations.
- * In one month, Merrill Lynch affiliated companies contributed a total of \$26,500 to Cuomo in six separate checks.
- * Ronald Perelman, chairman of McAndrews & Forbes, contributed \$50,000 to Abrams' 1986 campaign. Ten contributions of \$5,000 each were made by McAndrews & Forbes and nine of its affiliated corporate entities.
- * Benjamin Lambert gave \$12,000 to Regan through three separate corporations he controlled, on April 22, 1985. On March 5, 1987, he contributed \$15,000 through three related corporations, two of which had not been involved in the 1985 contributions.
- * Three firms affiliated with Ehrlich-Bober & Co., Inc. gave a total of \$15,000 to Regan on January 16, 1986, and another \$15,000 on January 26, 1987.

In many cases, only the recipient knows who is behind multiple or corporate contributions. Under current law, the barest minimum of information is required on the official disclosure form: the date, the name, some address (home or business), an indication whether it is a corporate contribution, and some indication about prior contributions.³⁴ Investigators seeking to track down the sources of contributions can, as Commission staff did, telephone out-of-state contributors at home to learn that they are all employees of the same nationwide financial institution, or travel to the single address listed for twenty corporate contributions in different corporate names to find who has his office there. The ordinary citizen, however, is left in the dark.

At the end of the campaign, everyone but the voters has been well-served: the incumbent has retained his office he wants and the contributor has invested the money he

³⁴ In some instances, the latter two items seem to be more frequently omitted than included by those filing disclosure statements.

deems effective for his purposes; whatever technicalities are necessary for compliance with the law, and whatever rituals are deemed appropriate for improvement of the appearances of the transaction, have been satisfied. No one has literally exchanged anything for anything, yet, to the public, the whole process presents the appearance that money may influence government.

V. Everything Happens in the Dark: The Board of Elections Cannot Effectively Police the Process

The Board of Elections, which is charged with enforcement of the current inadequate disclosure laws and contribution limits, has failed to discharge its responsibilities in this area effectively. The Commission's investigations and hearings have revealed the agency's indifference to the need for vigorous enforcement and effective disclosure; on occasion, the evidence has pointed to deliberate diversion of resources away from such efforts.

Enforcing contribution limits requires monitoring multiple contributions by a single contributor. But the Board cannot do so. It has no way of tracing how much one contributor has given, in the aggregate, to different candidates, PACs, and party committees. Each candidate (sometimes with more than one committee), each party committee (state, legislative, and local), and each of more than 400 PAC's, files separate statements anywhere from two to seven times a year. The statements may be handwritten; in the case of major fund-raisers such as Governor Cuomo's, they may be tens, even hundreds of pages long.³⁵ It is physically impossible, without the aid of a computer, to cross-reference the contributions even within one such candidate's records, much less to derive aggregate figures for particular contributors. The Board of Elections has not only failed until now to attempt such computerization, but Board officials also informed one employee who, on his own initiative, set up a modest computer information system, that they "did not want that type of data leaving the agency."³⁶

The difficulty of tracing contributions is compounded by the fragmentation of the enforcement responsibility among the state and local boards of elections. The State Board is

³⁵ The Director of Governor Cuomo's campaign committee told Commission staff how, although the committee itself kept track of contributions by computer, he copied the hundreds of pages himself by hand "in order to be more accurate and pick up excessive contributions." Despite his vigilance, a \$10,000 corporate contribution (twice the legal maximum) was deposited and not refunded.

³⁶ Tr. Mar. 15, 1988, at 43.

responsible for receiving disclosure statements of statewide officeholders, PACs, state legislators, and state and legislative party committees. Fifty-seven county boards, plus one for New York City's five counties, collect and record all filings which pertain to local elections, including filings of local party committees. Yet party committees can make unlimited transfers to candidates or to other party committees; the network of relationships is impossible to discern. Conversely, contributions from individuals or companies with special interests can, for example, be routed to local elections by way of party committees whose filings are deposited only at the State Board of Elections; once again, those who have a vital interest in the process find it impossible to track.³⁷

Despite obvious weaknesses in the requirements for disclosure information concerning contributors, the Board has failed to promulgate the simplest of regulations to facilitate review and interpretation of disclosure statements. Statements do not have to be typed or, as a practical matter, even legible. Furthermore, the Board believes it lacks power to require disclosure of business affiliations and business addresses for individual contributors. The Board's enforcement efforts are lacking in other areas as well. Even when contribution and disclosure violations are called to its attention, the Board has not challenged the conduct of key party officials in both parties.³⁸

When asked to explain the lack of vigor in the Board's enforcement efforts, the Board's Executive Director identified the central reason as budgetary. He went on to say:

*"I think another thing that we have to recognize, too, is that in effect, the Legislature is our clientele. We are asking them for more auditors, more investigators, so that we can do a better job reviewing the reports of legislators, and so forth. I think there is a reluctance there."*³⁹

³⁷ A Commission investigation revealed that this did occur with respect to 1985 Town Council races in Poughkeepsie. Over \$300,000 in contributions from individuals affiliated with the Pyramid Companies, which were seeking to build a mall but required a controversial zoning variance to do so, was contributed to the State Republican Party Committee, the New York Republican Federal Campaign Committee, and an "independent" committee called "Building A Better New York," and then funneled into the local elections without the knowledge of the local electorate. Additional expenditures were made directly by the Pyramid Companies, at least partially to further their efforts to influence the election. See, Appendix Three, Exhibit 2.

³⁸ In the Poughkeepsie case referred to at note 37, although the State Board of Elections was alerted to the possibility of Election Law violations, it conducted less than a complete investigation, which failed to uncover the full extent of the moneys poured into the local races.

³⁹ Tr. Mar. 15, 1988, at 77-78.

Expert testimony the Commission received at the outset of its inquiry into campaign finance practices provided additional explanations for the ineffectiveness of the Board of Elections. These experts were unanimous in their view that campaign finance enforcement should not be the responsibility of the same agency that administers voter registration and the ballot process. If these responsibilities are concentrated in a single agency, the agency will inevitably devote more of its resources to resolution of immediate problems--such as which candidates are to appear on the ballot--than to issues such as post-election review of the adequacy of a candidate's financial disclosure statements. This is especially so where there has been a failure to provide detailed statutory guidelines with respect to analyzing, auditing, and disseminating publicly the campaign finance disclosure information.

Whatever the cause, the Board's failures subvert the underlying purposes of disclosure. Even law enforcement officials with responsibility to oversee the integrity of governmental processes do not have effective access to essential information about transactions at the very heart of the electoral process. An attorney with the State Investigation Commission described in detail how the fragmented record-keeping of the State and local boards of elections hampered that agency's investigations, making virtually impossible enforcement of existing contribution limits, investigation of allegations of coercive solicitation of campaign contributions, and evaluation of the relative influence of various individual contributors.⁴⁰ There simply can be no effective enforcement of the contribution limits unless meaningful disclosure is required and computerized records developed.

VI. Fundamental Reforms Are Essential

Only sweeping, institutional reforms can break the cycle of increasing costs and constant high-pressure fund-raising, and its corrosive effect on the electoral process and on citizens' confidence in the integrity of their government. These reforms must address all elements of the problem. Some of the essential reforms have been spelled out in detail in earlier Commission reports; others are addressed for the first time in this report. In recent months all three statewide officeholders, as well as Assembly Speaker Miller and Senate Majority Leader Marino, have expressed support for some reform measures. The Assembly has already passed a bill with many of the features that this Commission recommends. Adoption during this Legislative session of the broad package of reform measures should be an absolute priority.

⁴⁰ Tr. Mar. 15, 1988, at 3-19.

A. Limits on Contributions and Transfers. Among the reforms this Commission has repeatedly called for are drastically reduced limits on the amounts that individual contributors may give to candidates, to party committees, to PACs, and in the aggregate to all candidates. For convenient reference, a summary of those recommendations is reproduced as Appendix Two.

All statewide elected officials who have testified before us, as well as the majority leaders of both legislative houses, have endorsed substantially lower limits on contributions. The limits set forth in the recently passed Assembly bill are similar to the limits recommended by the Commission. Senate Republicans have expressed concern that too drastic limits on party committee support for legislative races will impair the important role those committees have in maintaining a two-party or multi-party electoral system. No one questions the appropriateness of this party role. But unlimited contributions to the party committees and unlimited transfers of funds from party committees to candidates' committees, which the present arrangement allows, are not essential to a strong party role. Nor is unlimited spending by party committees on behalf of particular candidates. In effect, this lack of limits on party funding of individual races permits circumvention of whatever contribution limits or expenditure limits might otherwise apply. Adoption of the limits proposed, which will permit parties to perform their vital role both unhindered and untainted, is an absolute must.

In addition, there should be a total ban on contributions from corporations, from unions, and from individuals and firms doing business with the State. Everything learned through study of the present campaign finance system supports these recommendations. This type of contribution represents the prime situation in which there exists motivation, risk and the appearance of a *quid pro quo*. This has been particularly evident in the examination of certain fund-raising practices of the statewide officeholders, but has also been found to be true in our review of fund-raising at every level of government in New York State.

Contributions from corporations are problematic on several levels. First, while corporations are at the heart of economic activity in the State, they have no inherent right to make political contributions. The citizens of this State are the constituents of the political process, and it is important to encourage broad individual participation in providing funds for campaign activity. Second, while it is perhaps not fully articulated by the contributor, a contribution made through a corporate vehicle is in effect a business expense, made as a business decision.⁴¹ The concept of political contributions as a business expense is consistent

⁴¹ This is in some ways more true in situations when individuals with small businesses do business through
(continued...)

with, and supportive of, the possibility of a *quid pro quo*. Third, corporate contributions lend themselves to evasion of disclosure requirements and contribution limits, at least for those contributors who control a number of different corporate entities.

It is quite common for one individual, especially in the real estate business, to do business through a large number of separately incorporated entities. Sometimes each property owned by a real estate developer has its own corporate identity. In other businesses, such as investment banking and brokerage, use of multiple corporations with common ownership and control is also common. Under current law, while each of those corporations is restricted to one \$5,000 contribution annually, they can all make contributions to the same candidate, adding up to more than the controlling individual could give as a individual. And under current disclosure law, no one except the contributor and the candidate need know who is the individual behind the contribution; the often unrevealing corporate name and address alone is all that is required.

The Assembly has recently passed the Governor's reform bill, which would restrict the aggregate contribution from an entire corporate family to the amount that could be given by a single corporation.⁴² Enforcement of this provision would require complete disclosure of the extremely complex information necessary to determine whether there is common ownership or some other relationship among corporate entities. Substantial enforcement difficulties will accompany implementation of such an aggregation provision, and, as discussed above, there is no compelling reason to continue to permit contributions from corporations at all. Not only the federal government, but at least a dozen states, ban corporate contributions altogether. It is preferable to ban corporate contributions outright and to direct scarce enforcement resources toward implementation of the other essential reforms.

Contributions from individuals and organizations which have business dealings with the State must also be prohibited. Although the Governor has pledged to sign any campaign finance reform bill put before him, in his public testimony he also expressed reservations about this recommendation, and none of the other statewide officeholders or legislative leaders has endorsed it. All of them contend that reasonable and effectively enforced contribution limits will suffice to address the problems discussed in this report.

⁴¹(...continued)

a corporation. While these businesses do not represent the aggregation and concentration of wealth that was one factor in support of the ban on corporate contributions to candidates for federal office at the turn of the century, see **Federal Election Commission vs. National Right to Work Committee**, 459 U.S. 197, 207-08 (1982), they instead represent individuals doing business in a corporate form. There is no justification for permitting these individuals to make contributions through their corporations instead of individually.

⁴² A.189--B , §14 (March 13, 1989), amending N.Y. Election Law §14-116(2) (McKinney's 1989).

Such limits will indeed be a great improvement. But for government officials to solicit contributions from those who come before them for decisions, even if the sums solicited are far smaller than those now permitted, offends proper ethical standards. This issue was discussed at length in an earlier report on campaign finance practices in New York City,⁴³ and an opinion of the New York City Board of Ethics which was quoted there remains equally pertinent today:

"The solicitation of funds for political purposes by a public official from those whose matters come before him or his agency for official action is offensive to proper ethical standards...

[T]he solicitation and acceptance of political contributions by public officers from persons, firms or corporations doing business with government with which these public officers and employees are connected is against the public interest and should be prohibited...

*It is our recommendation that appropriate legislation be enacted on all levels of government to deal effectively with conduct that now is contrary to proper standards but is not prohibited by law.'*⁴⁴

A prohibition -- or restriction -- on contributions from those who have business dealings with government is in effect in the federal government, the City of Chicago, New York City, Kentucky and California.⁴⁵ This Commission strongly recommends a two-pronged prohibition, banning both the solicitation by candidates or their agents of contributions from those with business with the government and the making of such contributions by individuals or organizations having business with the government.⁴⁶ The implementation of such a ban was discussed at length in the *Unfinished Business* report.

⁴³ See, *Unfinished Business*, at 27-32.

⁴⁴ Opinion No. 35, New York City Board of Ethics, pp. 24-25 (Oct. 5, 1961).

⁴⁵ See, *Unfinished Business*, at 28 and fn. 27 above.

⁴⁶ This ban on contributions from those doing business with the State would not encompass those whose dealings are merely of a ministerial character. The prohibition should apply only to businesses and business persons who are engaged in earning money through dealings with government entities, or are seeking the necessary approvals to enable them to pursue income-producing ventures.

Individuals associated with unions and corporations can and should still be permitted to give through PACs, although there should be a limit of one PAC, using a single name, for each union or “family group” of corporations, in order to prevent circumvention of the contribution limits.

B. Public Funding and Expenditure Limits. To compensate for these drastic reductions in private contributions, and to enable candidates to participate on an even footing in the most expensive statewide races, a public funding system for statewide races should be adopted.⁴⁷ Such a program would be financed by a modest check-off on individual tax returns, and would substitute small contributions from a large number of citizens for the current system of large contributions from the interested few.⁴⁸

Public funding is essential for another critically important reform, reduction of overall spending on campaigns. Under a public funding system, spending limits, which cannot constitutionally be imposed on candidates as a simple police power measure, can be imposed as a condition of receiving public funds; candidates faced with opponents who refuse the public funds and spending limits can be given generous bonuses in public funds to ensure that the candidate accepting public funds would not be penalized.⁴⁹ It is vital that spending limits be high enough to be realistic and to allow meaningful challenges to incumbent officeholders.

C. A Separate Campaign Finance Disclosure Agency. From the outset of its work in this area, based on testimony received from a number of experts, this Commission has strongly urged that the agency responsible for implementing and enforcing the campaign finance laws be organizationally separate from the existing Board of Elections. Experience in other jurisdictions strongly suggests that where a single agency is assigned the tasks of ballot administration (including voter registration, candidate registration, petition challenges, administration of elections, and the like) and also all the tasks of administering candidate financial disclosure, enforcing contribution limits, and disseminating disclosure information publicly, there is an inevitable diminution of resources allocated to the campaign finance functions.

⁴⁷ For reasons discussed at length at pages 45-53 of the Commission report, ***The Albany Money Machine***, this Commission does not recommend public funding for legislative races at this time. Localities should be free to adopt such programs if they desire, and this Commission strongly supports the new New York City program, although the changes discussed in ***Unfinished Business*** remain imperative.

⁴⁸ All the statewide officials have endorsed such public funding proposals, and the Assembly has passed a bill providing such a system. Senator Marino has indicated that the Senate is willing to engage in discussions of public funding for certain offices.

⁴⁹ Details of Commission recommendations concerning spending limits are contained in the December 21, 1987 ***Preliminary Report*** at 43-48.

Commission hearings, particularly the recent testimony of the Governor and Legislative leaders, have revealed serious objections to the creation of a new government body in an era of imperative fiscal restraint. If complete separation of functions is not feasible, certain other steps can be taken which will do much to ensure effective enforcement of the campaign finance laws. At a minimum, and only if an independent agency is entirely impossible, the Board of Elections should be reorganized.⁵⁰

The Board itself should be made less subject to partisan influences, which, under the current system, neutralize its ability to act effectively.⁵¹ This can be accomplished by providing for a nominating commission patterned after the State Commission which nominates candidates for the New York State Court of Appeals.⁵² The nominating commission should be comprised of four appointees of the Governor, not more than two from any political party, and one appointee each of the speaker of the Assembly, the temporary president of the Senate, and the minority leaders of each house of the legislature. The nominating commission should include representatives of leading civic groups and business and religious leaders. It should be charged with nominating three candidates for each of the open commissioner positions on the Board.

The nominating commission should make nominations to the Board which will make the agency independent of the statewide officials and the legislature. Ultimately, the Board should be comprised of citizens who have demonstrated integrity and commitment to civic affairs, representing a broad cross-section of the electorate. The chairman should be full-time and the other commissioners part-time, and reimbursed for actual expenses.

The Board should be composed of five members, no more than three from either major party. Appointments to the Board should be made by the Governor, from among those nominated by the commission, and subject to the advice and consent of the Senate. All members should have fixed, overlapping terms. As the terms of present Board members expire, and for all succeeding appointments, new members should be appointed through the independent commission process.

⁵⁰ If a public funding program of any scope is adopted, even closer consideration should be given to a separate Campaign Finance Disclosure Agency structured in such a way as to be politically independent of those whose conduct it must police, with resources clearly dedicated to the sole function of implementing and enforcing the contribution and spending limits and disclosure requirements, and an undiluted mission to fulfill that function.

⁵¹ With two members of the four-member Board answering primarily to each major party, as is the case currently, either deadlock or bartering of decisions is inevitable.

⁵² See New York Const., Art. VI, Section 2(c)-(f).

The agency itself should have three separate Offices, each with a Director reporting to the Board of Elections and Campaign Finance.⁵³ One should be the Office of General Counsel, which would interact with and support each of the other two. The other two should be an Office of Election Administration, charged with all aspects of administration of elections, and an Office of Campaign Finance, charged with all aspects of administration and enforcement of the campaign finance and disclosure laws. All three Offices should be allocated, with separate budget amounts for each, the full resources necessary to accomplish their missions. The Office of General Counsel should work with the other two to formulate regulations and advisory opinions, and should make determinations as to conflicts of interest, and the like.

The Office of Campaign Finance should be required by law to issue detailed but workable disclosure forms, to computerize all information on the disclosure statements, to monitor and enforce the contribution limits, to make periodic detailed public reports to the Governor and Legislature, and to administer whatever public funding program is authorized by law. It should have audit capability and, as authorized and directed by the Board, subpoena power and the power to investigate and conduct enforcement proceedings. It should assist the Board on rendering advisory opinions. In short, it should have all the duties and responsibilities of the independent campaign finance enforcement agency described in the Commission's *Preliminary Report* at pages 10-12.

These changes in the Board's structure and statutorily mandated responsibilities are essential. Without them, the public is fated to suffer the same lack of enforcement that has characterized the past decade.

D. Disclosure and Enforcement Mechanisms. Whether or not a public funding system is adopted, effective reform of present campaign finance disclosure requirements is imperative, including a far more effective system to record, publicize and disseminate the campaign finance information.⁵⁴ Specific statutory direction should be given to the Board of Elections, requiring periodic public reports to the Legislature and the Governor, which would detail the information

⁵³ Establishing a separate office whose director reports directly to the Board itself will help ensure the autonomy and stature of the Office of Campaign Finance.

⁵⁴ In response to Commission recommendations in this area, the Board of Elections has begun in recent months to develop a computer system capable at least of recording and analyzing the data filed by campaign committees. But the effort is being hampered by budget cuts. It cannot be emphasized enough that effective computerization of these records is the barest of necessities, followed closely by sufficient audit and enforcement staff to make contribution limits meaningful.

on the disclosure forms, and also present tables and summaries interpreting that data.⁵⁵ It is essential that the Governor and Legislature appropriate the funds necessary to accomplish this task.

In addition, local boards of elections require the resources and technical support to computerize the disclosure statements that are filed locally. A portion of the initial computerization effort of the State Board could effectively be dedicated to this purpose, at no sacrifice to its mission. Uniformity of disclosure requirements and compatibility of computer systems between the local and State Boards is essential. All statements filed at the State Board which disclose contributions made to assist any candidate in a local election should be filed locally as well. Contributors who give more than \$1,000 in the aggregate should be required to use the same name with each contribution, spelled the same way, for all contributions or unique identifying numbers should be assigned.

The experience of this Commission in computerizing disclosure statements demonstrates that it is neither technologically difficult nor prohibitively expensive to computerize the volume of reports that local boards of elections receive. Commercial software and personal computers lend themselves readily to the task. If technical support were provided by the State Board, a smoothly functioning coordinated network of information throughout the State could easily be accomplished within two years.

All the statewide elected officials and the legislative leaders spoke positively in their testimony about mandatory computerization of records and public reports. The problem now is to fund these improvements. The Board of Elections has already hired one highly qualified person to design a computer system, and has invested in costly and sophisticated equipment. Appropriations for the current fiscal year have not allocated nearly sufficient resources for the Board to hire the minimum staff necessary to achieve these goals. But without such funds, expressions of support, and statutory instructions to computerize disclosure information, are completely meaningless.

⁵⁵ The reports should be made annually, but a special three-month post-election report should be required following each election. The reports should contain, for each candidate, a listing of each contribution, sorted alphabetically by name of contributor; they should also present figures for total contributions received and expenditures made, as well as analyses of the patterns of contributions, in terms of size of contributions from various contributors, industry breakdowns and the like. Reports should cover incumbents and challengers, and permit comparison of the information.

E. Restrictions on the Use of Official Staff for Fund-raising. Commission investigations indicate an urgent need to limit the use of official staff for political fund-raising, even during leaves of absence, vacation days, or their off-duty hours.

The Commission strongly recommends a provision, comparable to one included in its Proposed Draft Municipal Ethics Act,⁵⁶ that would prohibit a public officer or employee, or his or her campaign committee, from soliciting contributions or participation in election campaigns⁵⁷ from non-elected public officers and employees or persons doing business with the state government. If this recommendation is not adopted, state employees should simply not participate at all in soliciting campaign contributions.

When government decision-makers act as fund-raisers, citizens--especially contributors--inevitably link big gifts to favorable official action. Moreover, it is virtually impossible under such circumstances to eliminate a fear on the part of those solicited that a refusal might some day work against their business interests. This subtle coercion is inescapable under the present rules. People come to believe that government is for sale. The present occupants of elected office may possess the ability to eliminate gratitude and any sense of obligation from their decision-making when presented with matters involving contributors. But the inherent forces which drive the world of fund-raising make at least occasional lapses virtually inevitable.

Contributors cannot be expected to sort out the various roles adopted by state employees who revolve in and out of fund-raising and government positions. The history of questionable fund-raising practices is too long, and has engendered too much cynicism, for contributors or the general public to accept at face value the spoken disclaimers that contributions and government decisions are never linked at all. If present practices persist--allowing and even encouraging public employees to shift between official and fund-raising roles several times during the tenure of an incumbent--the public will remain disillusioned about the electoral system.

The best way to address this problem is to ban contributions from those who do business with the government and to implement this ban by prohibiting solicitations of them by candidates or their committees or representatives, including public employees. If such a ban is not adopted, at a bare minimum, public employees should be excluded completely from the fund-

⁵⁶ See, ***Municipal Ethical Standards: The Need For A New Approach***, Commission on Government Integrity, December 26, 1988.

⁵⁷ A limited exception should allow elected officers to solicit participation in election campaigns from their appointees who are exempt or unclassified under the Civil Service Law and are directly subordinate to them. There should also be language designed to assure that these prohibitions will not apply to general solicitations which do not target public officers and employees, or people doing business with the government.

raising process. Intimate knowledge of the workings of government, or of the candidate's office, cannot be necessary for effective fund-raising, at least as long as there is no connection between the business of the office and the contributions being solicited. To the extent that familiarity with the candidate's positions and decisions is necessary for fund-raising, the campaign committee may educate itself without being injected into the government process. And as a practical matter, campaign committees spending in excess of \$500,000 on a single race can well afford to hire the professional fund-raising staff equal to the task.

Conclusion

In the end it is not decisive whether the maxim "those who give will get" is fact or fiction. Appearances matter. Widespread cynicism destroys the basic faith in public institutions and officials that is vital to our electoral system. Much of the general public believes--often with good cause--that the system is biased in favor of wealthy special interests. The appearance of impropriety itself has a pernicious effect on the level of confidence in the integrity of the electoral and decision-making processes of government.

The State of New York is at a crossroads. For many years, some officeholders have pressed for reform of the campaign fund-raising process. For many years, despite their efforts, the *status quo* has been maintained, while the excesses of candidates and contributors have become ever more extreme and public cynicism more pronounced. One problem is that until now no one could credibly cry for reform without pointing accusing fingers at colleagues, rivals, valued contributors and supporters. The consensus necessary to achieve reform depended too much on concessions of wrongdoing, or at least wrong motives. Another problem was that the current system worked too well for incumbents. Yet another problem was that proposed reforms threatened to be used to the political advantage of one party or another.

By now, everyone should appreciate that the present system harms us all, and that reforms are possible which will enhance everyone's ability to compete effectively in the campaign arena. There can be no further debate about the need to limit campaign contributions, provide for effective disclosure, and remove public employees from the fund-raising process (at least in so far as contributions are sought from those doing business with the offices in which they are employed). Effective disclosure only hurts those with something to hide. Sane contribution limits only restrict special interests with private agendas.

Our leaders must not hesitate to clean up campaign finance in New York State. It is not this Commission's function to act as prosecutor, jury or judge of the conduct of any individual. Instead, an examination of the entire system has shown it to be gravely wanting, and the Commission strongly urges its reform.

Dated: New York, New York
June, 1989

**STATE OF NEW YORK
COMMISSION ON GOVERNMENT INTEGRITY**

John D. Feerick
Chairman

Richard D. Emery

Patricia M. Hynes

James L. Magavern

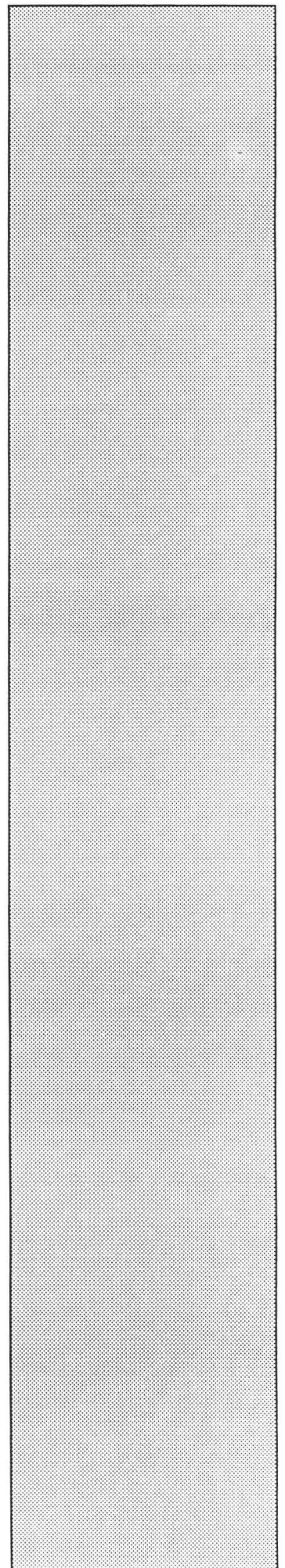
Bernard S. Meyer

Bishop Emerson J. Moore

Cyrus R. Vance

Part 2

**Individual Officeholders'
Fund-Raising Practices**



Note

Commissioner Vance did not participate in the investigation and deliberations concerning Part 2 of this report which deals with the campaign finance practices of individual officeholders.

Commissioner Magavern did not participate in the investigation and deliberations concerning the portion of Part 2 of this report which deals with the campaign finance practices of Comptroller Edward V. Regan.

I.

Fund-Raising Practices of Governor Mario M. Cuomo

Introduction

The Governor's fund-raising effort is distinguishable from that of the other state-wide candidates in that money more readily gravitates to him. Indeed, since he first received the nomination for Governor, contributions have come so easily and in such large amounts that in 1986 and 1987 he decided that it was unnecessary to hold a fund-raising event. The Governor's fund-raising organization is similar to those of other officeholders: his campaign committee, Friends of Mario Cuomo ("FOMC"), is run on a day-to-day basis by few full-time employees, and the fund-raising itself is centered around large, well-attended dinners organized by volunteer members of a Dinner Committee.

The Governor, like the Comptroller and Attorney General, has frequently expressed his support for campaign finance reform. He has repeatedly proposed such legislation, and has communicated his commitment to reform in his appearances before this Commission. Most recently, in his testimony on March 10, 1989, he pledged to sign any campaign finance reform bill that was placed before him for signature, even one containing provisions with which he might disagree.⁵⁸ In addition, in connection with his 1988 fund-raising event, he chose to abide by the restrictions contained in the Assembly's proposed campaign finance bill, although he said that unless a comprehensive campaign finance reform law is passed he may not abide by these voluntary restrictions in the future.⁵⁹

⁵⁸ One such provision might, for example, be a ban on contributions from lobbyists or those having business dealings with government. Tr. Mar. 10, 1989, at 65.

⁵⁹ Tr. Mar. 10, 1989, at 51-53.

I. The Governor as Fund-Raiser: The Effect of Attaining High Office

Both the Governor and those who have worked with FOMC have stated that the task of raising money has become vastly easier since the Governor assumed office. Before his primary victory in 1982, raising money was, as he put it, “a seven-day, nearly twenty-four hour a day effort” and “a great deal of trouble.”⁶⁰ A FOMC fund-raising event in 1981 raised the comparatively small sum of approximately \$250,000. By contrast, since the Governor’s primary victory in 1982, his fund-raising has been primarily accomplished through hugely successful dinners which have raised an average of approximately 2.0 million dollars per event.

According to both the Governor and his campaign finance chairman for the 1982 race, William Stern, the change was immediate and dramatic after his primary victory. In the Governor’s words, Stern “didn’t have room enough in his office to accommodate all the people who came rushing in to make contributions to us.”⁶¹ Stern described how, while he had been able to raise only about \$1.2 million for then Lieutenant Governor Cuomo in the entire year and a half preceding his victory in the 1982 gubernatorial primary, during the short four weeks between the primary and the general election he raised some \$3.5 million, largely from “people trying to ingratiate themselves with somebody who was to be Governor.”⁶²

The gala events staged in 1983, 1984 and 1985 were each marked by greater receipts: approximately \$1.2 million in 1983; \$2.4 million in 1984; and \$3.5 million in 1985. Only in 1988 (when, at the Governor’s direction, FOMC imposed voluntary contribution limits at the levels prescribed in the Campaign Finance Reform bill passed that year by the New York State Assembly⁶³) did the total dip--to \$1.15 million. Stern also testified that the rush of contributors to Mario Cuomo’s campaign after the primary in 1982 was led by those selling things to the government and those regulated by government.⁶⁴ This has continued to be true. During an interview with Commission staff, John Marino, the current Executive Director of the State Democratic Committee and the organizer of the 1988 event, estimated that for the 1988 event,

⁶⁰ Tr. Mar. 10, 1989, at 8.

⁶¹ Tr. Mar. 10, 1989, at 8.

⁶² Tr. Mar. 15, 1988, at 132.

⁶³ A virtually identical bill, 189A, has again this year been passed by the Assembly. It imposes, among other things, a limit of \$4,000 on individual contributions for the primary and general election and an aggregate limit of \$5,000 on contributions from corporations and their subsidiaries.

⁶⁴ Tr. Mar. 15, 1988, at 132-33.

between thirty and fifty percent of contributors to FOMC were people or businesses having dealings with the state.

The magnitude of such contributions is striking, and surely is one cause of the public's troubling lack of confidence in the manner in which candidates for public office raise funds. This Commission has been assessing whether this flow of funds from those doing business with the State to those in the highest state offices occurs of its own accord, or if it is encouraged by the candidates and those who raise money on their behalf. In the case of Governor Cuomo, it is a mixture of both.

II. The Organization of Cuomo's Fund-Raising Effort

Governor Cuomo's political fund-raising is accomplished through his campaign committee, to which he delegates responsibility for raising money for his campaigns. While the Governor may not play as active a role as the other statewide elected officials, documents obtained from FOMC and referred to during the Governor's testimony reflect the Governor's approval of and input into fund-raising strategies, including the creation of a Board of Advisors, the selection of Dinner Committee members, establishing fund-raising goals for their members, and the drafting of solicitation form letters.⁶⁵

FOMC has been sparsely staffed between election campaigns and fundraisers. During campaigns the FOMC staff swells with state employees on leave from their official positions. During the periods immediately preceding fund-raising events, volunteers and short-term employees are added to the staff to meet the temporary need for personnel.

Following Governor Cuomo's election to office, FOMC's fund-raising efforts were organized initially on a volunteer basis by Lucille Falcone, who was Counsel to FOMC from 1983 until 1988. Falcone assembled dinner committees for each fund-raising event, the members of which were each asked to commit to selling ten tickets to the event. Tickets were priced at \$1,000.⁶⁶ In addition, invitations were sent to individuals on the committee's solicitation lists. Falcone would keep track of and encourage the efforts of the dinner

⁶⁵ See Appendix Three, Exhibits 4 and 5.

⁶⁶ In some years, a small number of "ringside" tickets sold for \$2,500 each.

committee members. Volunteers and temporary staff employees would make follow-up inquiries to others.

In 1985, Richard Gordon was hired as a full-time Executive Director of FOMC. In that position he assumed the organizational responsibilities Falcone had borne in 1983 and 1984. He also took responsibility for the filing of the requisite financial disclosure statements with the Board of Elections. Between 1985 and 1988, FOMC had only one other full-time, salaried employee, who handled computer-related tasks. In 1988, Gordon resigned his full-time position with FOMC and the fund-raising dinner staged in November of 1988 was organized by the Executive Director of the State Democratic Committee, John Marino. Volunteers and part-time employees assisted in the effort. A Dinner Committee was again assembled and its members were each asked to attempt to sell ten tickets.

By his own account, the Governor has limited his personal involvement in the fund-raising activities of FOMC because he dislikes both the appearance created by contributors showering incumbent or potential public officials with money and the cynicism that such contributions create. He testified that he has done everything he could to discourage the reality and even the impression of conflict, and has avoided as much as possible even knowing who contributes to his campaign.⁶⁷ His campaign committee, however, has approached its fund-raising in a manner that, in certain respects, capitalized on the inclination of specific groups and industries to contribute to the Governor, and played upon the illusion, which FOMC helped to create, that the Governor was in fact aware of the contributions and efforts made and undertaken on his behalf.

Despite the fact that contributors are most willing to shower a popular incumbent Governor with large sums, FOMC operates in typical political fund-raising fashion. It aggressively pursues those most willing and able to contribute in large amounts, and targets groups of people of means, as well as individuals and businesses identifiable by virtue of their dealings with the State. The solicitation lists maintained and used by FOMC, the configuration of Dinner Committees it has organized, and the affiliations of contributors to FOMC all reflect this approach.

A. The Solicitation Lists

In his testimony before the Commission, Stern identified the enormous givers to political campaigns as “the usual suspects” - Wall Street, real estate developers and public employees’

⁶⁷ Tr. Mar. 10, 1989, at 8-9.

unions. Stern noted that these were groups which, in one way or the other, depended upon "state capitalism" and therefore had an incentive to ingratiate themselves with government officials.⁶⁸

FOMC developed and maintains solicitation lists, some of which target such industries. Included in FOMC's records is an index of computerized solicitation lists identified by FOMC as follows: Banking, Engineers, Insurance, Labor Leaders, Finance, Architects, Attorneys and Brokerage Houses, among others.⁶⁹

The contribution pattern with respect to individuals and companies on one of these lists, labeled "Engineers," is revealing. A Commission comparison of that list with the list of contributors to FOMC during the period between 1982 and 1987 revealed that 64 of the 68 engineering firms or individuals on the list made contributions to FOMC during that period. Additionally, all but 11 of the 64 contributing engineering firms or individuals had, between 1984 and 1987, secured consulting contracts with either the New York State Thruway Authority or the New York State Department of Transportation ("DOT").⁷⁰

There is no evidence to suggest that FOMC fundraisers ever stated or implied that these firms' business fortunes in New York State would be affected by their contributions. There is, however, significant evidence suggesting that the firms were motivated to contribute by business considerations. Commission staff interviewed over half of the contributing firms; these interviews reflect that while no solicitors ever suggested a link between state business and contributions, virtually all of the engineers thought it unwise "to take a chance and not contribute."⁷¹ The impact of this perception is reflected in the fact that over 90% of the engineering firms doing business with the Thruway Authority and the DOT during the years 1984-87 contributed to either FOMC or the State Democratic Committee between 1982 and 1987.⁷²

One more illustration of the Committee's fund-raising approach is provided by another list obtained and used for solicitation purposes by FOMC, the official (publicly available) list of

⁶⁸ Tr. Mar. 15, 1988, at 133.

⁶⁹ Hrg. Exh. 74, Mar. 10, 1989.

⁷⁰ See Appendix Three, Exhibit 6. Under New York State Law, such contracts are neither publicly advertised nor competitively bid.

⁷¹ Tr. Mar. 10, 1989, at 24.

⁷² Commission analysis; Tr. Mar. 10, 1989, at 22.

lobbyists registered with the New York State Temporary Commission on Lobbying.⁷³ It was evidently secured by FOMC for the specific purpose of targeting firms and individuals whose business it is to attempt to influence the processes of government to the benefit of their clients. The actual copy of the list used by FOMC is replete with notations indicating FOMC's methodical telephone solicitation of those registered lobbyists. While the Governor himself, when he was Secretary of State in 1975, proposed legislation that would have prohibited lobbyists from providing state office holders with gifts and dinner invitations,⁷⁴ his campaign committee has systematically solicited contributions from lobbyists.⁷⁵ When questioned on this point, the Governor responded that he saw no problem with FOMC practices as long as he was unaware of contributions from the lobbyists.⁷⁶ However, as with other issues raised during the public hearing, the Governor stated that he would support a prohibition on contributions from lobbyists if legislation to that effect were presented to him.⁷⁷

It may very well be that lobbyists' contributions made on behalf of a particular client or industry give them no influence over the operations of government, especially if the public official is ignorant of their contributions. However, the perception persists among lobbyists that

⁷³ This list was among the documents and materials made available to the Commission by FOMC upon the Commission's request for all records relating to fund-raising activities.

⁷⁴ The following is an excerpt from Robert S. McElvaine, *Mario Cuomo: A Biography* (New York: Charles Scribner's Sons, McMillan Publishing Co., 1988) at 214:

The new secretary of state quickly moved on to a crusade against abuses by lobbyists trying to influence state legislators. He said that the laws regulating the conduct of lobbyists were inadequate, but that he intended to start enforcing those laws while he sought the enactment of stronger provisions. The lobbying law then on the books, Cuomo noted, had been applied only once in the sixty-nine years since its enactment. Cuomo proposed legislation that would strictly prohibit lobbyists from giving any sort of gifts to legislators. He would not permit lobbyists to buy lunch or drinks for legislators, or even to give out such items as calendars and memo pads as Christmas presents. "Why should any gift or payment be permissible?" Cuomo asked a stunned Assembly Committee of Ethics. "Is it essential to our system that a lobbyist have a cocktail party for legislators or others whom they seek to influence? Will their opportunity to make an intelligent presentation be minimized if they cannot take a legislator or agency head out to dinner? Are these things done for any purpose other than to seek by the subtle workings of 'good will' or a friendly predisposition to help produce a statute or rule or decision that will affect large numbers of people, some of them no doubt adversely?"

⁷⁵ Lucille Falcone estimated that Howard Rubinstein, a registered lobbyist, raised from his clients, associates and contacts approximately \$200,000 per dinner for the FOMC. Rubinstein also made contributions to FOMC in his own name.

⁷⁶ Tr. Mar. 10, 1989, at 67.

⁷⁷ Tr. Mar. 10, 1989, at 67.

by contributing, they may curry favor and good will--or at the very least will avoid the perceived risk associated with not giving. This perception is fostered when, as is often the case, the same public employees have a role in both fund-raising and government decision making.⁷⁸ Particularly in that case, a public official who is ignorant of the lobbyists' contributions may be unable to assess completely what factors may have influenced the staff's recommendations--including, perhaps, the campaign contributions of lobbyists and interest groups.

In his remarks to the Commission in September of 1987, Governor Cuomo himself touched upon this phenomenon when he stated that while his campaign committee puts no pressure on anyone to contribute, there is a feeling in the business community that says "You're supposed to give money to the incumbent, it's expected of you."⁷⁹ Hence, while there is no evidence that his committee puts pressure on business people to contribute out of fear of adverse business effects or in anticipation of business benefits, current fund-raising practices give rise to such expectations even in the absence of explicit pressure.

B. The Composition of the Dinner Committee/ Industry Breakdowns of Contributors

The FOMC practice of targeting and actively pursuing contributions from the business community is further reflected in the composition of the FOMC Dinner Committees during the years 1983-1988. The Committees, assembled for the purposes of purchasing and/or selling tables, consist of approximately one hundred members and include numerous representatives from the industries Stern termed the "usual suspects." For example, the Dinner Committee in 1988 included leaders from the following firms and businesses:

Bear Stearns
Brown and Wood
Citibank
Communication Workers of America
Debevoise and Plimpton
Dillon Reed and Company
Drexel Burnham Lambert
First Boston Corporation
Fleishman Management Company
Goldman Sachs and Company
Hawkins, Delafield & Wood

⁷⁸ See discussion in Section II (C) below.

⁷⁹ Sept. 9, 1987 public hearing of the Commission.

Lazard Freres and Company
 LeBoeuf, Lamb, Leiby and MacRae
 Manuel Elken Co.
 Merrill Lynch and Company
 Metropolitan Life Insurance Company
 Morgan Stanley and Company
 Mudge, Rose, Guthrie, Alexander and Ferdon
 Paine Webber
 Paul Weiss Rifkind Wharton and Garrison
 Peat Marwick Mitchell and Company
 Smith Barney Harris Upham and Co., Inc.
 The International Longshoreman's Association
 The Mack Company
 The Mendik Company
 The Savings Banks Association of New York State

The percentage of money raised through contributions from industries represented on the Committee reflects the kind of financial support that such representatives have been able to garner from their colleagues and business associates⁸⁰:

Financial Community:	10%	(approximately \$937,000)
Legal Community:	7%	(approximately \$656,000)
Real Estate Business:	8%	(approximately \$750,000)
Employee Organizations:	8%	(approximately \$750,000)

As the comments of the representatives of the engineering firms confirmed in Commission staff interviews, such businesses and individuals often perceive a risk in not contributing which they are unwilling to take. The Governor himself acknowledged that they might, in fact, prefer not to contribute when he told the Commission in 1987 that "a lot of the business community would feel relieved and saved by a campaign finance law that made it impossible for them to contribute."⁸¹ Nevertheless, FOMC capitalizes on the current inclination of such business people.⁸² By seeking their memberships on dinner committees and then fueling their competitive instincts by fostering the impression that their efforts are known by the Governor, FOMC has been able to raise enormous amounts of money.

⁸⁰ Figures reflect percentages of the \$9.37 million raised by FOMC between 1982 and 1989.

⁸¹ Governor's remarks to the Commission on September 9, 1987.

⁸² This is consistent with the Governor's position that, until fundamental reforms applicable to all candidates are enacted, he should not handicap his own fund-raising efforts. Tr. Mar. 10, 1989, at 52-53.

During questioning by the Commission staff, Lucille Falcone acknowledged that it was a desire to please the Governor which caused Dinner Committee members to be aggressive in raising money for FOMC. She added that while the Governor was, in reality, unaware of both the efforts of such people on his behalf and of the amounts contributed by individuals or businesses, neither Dinner Committee members nor contributors were advised that the Governor deliberately chooses to remain ignorant of the fund-raising process and its specifics. In fact, Falcone stated that it would be "counter-productive" to let fundraisers and contributors know that the Governor would never be informed of their efforts. If FOMC so informed them, Falcone reasoned, "you'll never get any money."

Among contributors solicited by them, Dinner Committee members in turn also fostered the illusion that the Governor would be aware of their contributions to FOMC. Lobbyist Howard Rubenstein suggested as much in solicitation letters wherein he told his clients that "the Governor will be pleased by your support."

Thus, even though unsolicited contributions poured into the Cuomo campaign after the 1982 primary victory, FOMC still stimulated contributors by cultivating the belief that the Governor is himself personally gratified by the fund-raising efforts of "bundlers" and contributors alike. This necessarily has the effect of undermining the Governor's personal attempts to purge his own fund-raising process of misplaced notions that influence might be gained through contributions.⁸³

C. Staff Participation in the Fund-raising Effort

The relationship between the Governor's official staff and his campaign and fund-raising staff may also contribute to the belief that contributions and state business are in some way linked.

Governor Cuomo has established a policy which prohibits his executive staff from either soliciting contributions on his behalf or making contributions themselves to his campaign committee. In addition, he has had memoranda circulated to all commissioners and agency heads in state government each year explaining that a clear separation must be maintained by state employees between political activities and the discharge of their official duties. The

⁸³ Perhaps adding to these misimpressions is the fact that members of the business community attend "businessmen's barbecues" hosted by the Governor at the Governor's Mansion. Although these barbecues are official rather than political events, the names of the attendees are added to the FOMC solicitation list and the attendees are thereafter solicited for contributions to the Governor's political campaign.

memos also explain, however, that state employees are not otherwise discouraged from participating in the political process.

Consistent with this policy, executive office personnel in the Cuomo administration do not play a role in fund-raising while on state time. However, the Governor does not restrict movement between his executive staff and his campaign staff by people who wish to work on his campaign full-time. Some seven members of the executive staff took leaves of absence from their state positions to work on the 1986 campaign. Following the election, all returned to state government.

The movement of executive office personnel between the Governor's executive and campaign staffs erodes the wall of separation between political and official matters which the Governor has endorsed. His personal distance from the affairs of his campaign committee may not be perceptible to potential contributors to the Governor's campaign when they are asked for money by once and future executive staff members. John Marino, the Executive Director of the State Democratic Committee, expressed the view to the Commission staff that the "better practice" is to keep separate the executive and campaign staffs. The Governor disagreed with Marino's assessment.⁸⁴

The fact that the Cuomo campaign asked state workers to volunteer their time to work on campaign matters has further blurred this division. While the Governor testified that he prohibited his staff from contributing to his campaign because he feared that employees might feel pressure to duplicate the contributions of their colleagues, he perceives no basis for prohibiting state workers from volunteering their time for campaign work.⁸⁵ Yet, a Commission inquiry into such volunteering revealed precisely the same problems about which the Governor expressed wariness in the area of contributions: some state employees stated that they felt pressure to volunteer in the effort. Certainly the solicitation of employees to work on the campaign by high level executive staff members on leave from their state positions does not help to alleviate that feeling.

⁸⁴ Tr. Mar. 10, 1989, at 71-72.

⁸⁵ Tr. Mar. 10, 1989, at 74-76.

D. The Niagara Frontier Transportation Authority

The pressure which these state employees felt, however, is minimal when compared to the pressure felt by employees of the Niagara Frontier Transportation Authority ("NFTA") when they were solicited for contributions to FOMC in 1985. The Temporary State Commission of Investigation ("SIC") hearings held in 1987 disclosed that NFTA employees were solicited by colleagues who, in their solicitations, referred to the fact that Raymond Gallagher, the Chairman of the NFTA, was seeking their support for the Governor's campaign.⁸⁶ One such employee testified recently at a hearing of the U.S. Merit Systems Protection Board⁸⁷ that he had every reason to believe that his job was at stake when he was asked by the NFTA purchasing manager to buy a \$1,000 ticket to a 1985 fund-raising event for Governor Cuomo.⁸⁸

The perceived link between contributions and jobs may well have resulted in part from actions of the Governor's Executive Office staff. In 1984, the Governor's Appointments Office helped form what came to be known in Erie County as the "patronage committee." That committee screened and helped select candidates for positions at the NFTA and elsewhere in state government. Its members were chosen both by the Governor's Appointments Office and the chairman of the committee, a long-time political supporter of the Governor. Virtually all of the members of the committee were political supporters of the Governor and eight of the twelve also served on a committee organized in Buffalo to aid in the staging of a Cuomo fundraiser there in 1985.⁸⁹ Gallagher was a member of both committees, and it was in his role as a member of the organizing committee that he encouraged the use of his name in the solicitation of contributions from NFTA employees.

It is not surprising that where those with apparent authority to recommend who shall be employed or promoted by an agency are also dispatched to raise money for the incumbent, those solicited may feel compelled to contribute in order to obtain, protect or advance in their jobs. The imperfections in the wall of separation between government and politics are nowhere more evident than in this situation.

⁸⁶ S.I.C. Hearing, Buffalo, N.Y., July 1987, Tr. at 177.

⁸⁷ The Federal Hatch Act prohibits such solicitations and NFTA employees fall under its purview because of the partial federal funding which the NFTA receives. Under current New York state law, only solicitations on public property are prohibited.

⁸⁸ Testimony before Administrative Law Judge Edward J. Reidy, United States of America Merit Systems Protection Board, March 2, 1989 in an action brought by the Special Counsel against Raymond F. Gallagher, et al. and the NFTA.

⁸⁹ Among the "patronage committee" members, only Gallagher has been described as a later supporter of the Governor. He supported Mayor Koch in the 1982 gubernatorial primary. He is, coincidentally, the Chairman of NFTA to which the "patronage committee" made the lion's share of its recommendations.

While the Governor testified before the Commission that he does not approve of, encourage or allow⁹⁰ such practices, it is clear that his personal efforts to prevent them have not always been enough. Further, while distancing himself personally from the process may absolve him of any direct culpability, it does not remove the appearance of all impropriety in the fund-raising done by others on his behalf.

⁹⁰ Tr. Mar. 10, 1989, at 82.

II. Fund-Raising Practices Of Attorney General Robert Abrams

Introduction

Robert Abrams' political fund-raising stresses direct contact with prospective contributors. His fund-raising reflects the careful grooming of personal relationships with wealthy prospective givers, an intimate involvement with the details of his own fund-raising operation and a constant preoccupation with the need to raise money, even in non-election years.

The Attorney General's fund-raising effort for the 1986 election had three principal components: the "one-on-one" program, the "give or get" program, and a large fund-raising dinner. Each component raises appearances of conflicts of interest, many of which are similar to those we have noted in our analysis of the other statewide elected officials. They are inherent in a campaign fund-raising system that pushes candidates to rely on large contributions from those who have an interest in the decisions of the office.

Like the Comptroller and the Governor, the Attorney General is an advocate of campaign finance reform; he also has adopted several voluntary limits on his own fund-raising. Notwithstanding his sensitivity to the issues discussed in this report, voluntary limits are not an adequate solution to the vexing problems of New York's campaign finance system. A meaningful solution can only be found in new laws that apply equally to all candidates.

I. The Attorney General's Personal Approach to Fund-Raising

The "one-on-one" and "give or get" programs were the source of most of the Attorney General's funds for his 1986 campaign. Both programs involved the Attorney General's direct personal solicitation of financial support from wealthy potential contributors.

This type of fund-raising guarantees that the officeholder is intimately aware of who is contributing to his campaign; it also ensures that the contributor knows without doubt that the public official is aware of his or her support. Coercion--however unintentional--is an inherent danger in such an approach, especially when the potential giver has an economic interest in the official decisions of the Attorney General's office.

A. The One-on-One Program

Beginning in late 1984, the Attorney General scheduled a series of breakfast and luncheon meetings with each of approximately 100 prospective contributors.⁹¹ The object of the meetings, which were attended by the Attorney General, the prospective contributor, and either Lawrence Bittenwieser (chairman of Abrams' campaign finance committee) or Leonard Boxer (another member of the finance committee), was to secure a pledge of \$15,000 if the Attorney General chose to run for re-election, and \$50,000 if he decided to run for Governor.⁹²

The finance committee kept close track of incoming pledges.⁹³ The Attorney General, his long-time political advisor Ethan Geto, Bittenwieser, Boxer and John Burke, the Attorney General's executive assistant, met periodically throughout 1985 and 1986 to review spreadsheets prepared by Geto's political consulting firm which tallied incoming pledges and contributions and noted any outstanding "balance due."⁹⁴ The finance committee--including the Attorney General--reviewed name by name the lists of those who had not redeemed their pledges, and debated how best to follow up.

⁹¹ Tr. Mar. 10, 1989, at 33.

⁹² Tr. Mar. 10, 1989, at 42-44. At the Commission's hearing on March 15, 1988, the Attorney General's finance committee chairman Lawrence Bittenwieser testified that the \$15,000 figure was selected because "we felt it was the right place to draw the line between the problem of the appearance of large influence and the problem of raising enough money to pay for his campaign." Tr. Mar. 15, 1988, at 257-58; see also Tr. Mar. 10, 1989, at 45-46.

Documents produced to the Commission by the campaign committee, however, reveal that, in connection with the 1986 election, the campaign committee received in excess of \$15,000 from a number of supporters, including McAndrews & Forbes' chairman and chief executive officer, Ronald Perelman; John Kluge, chairman and president of Metromedia; and Donald Trump. Hrg. Exh. 14, Mar. 10, 1989.

⁹³ Tr. Mar. 10, 1989, at 46.

⁹⁴ Tr. Mar. 10, 1989, at 47-50; Hrg. Exh. 13 and 14, Mar. 10, 1989. In 1986, this core group was joined by Laura Ross, a fund-raising consultant hired by the campaign committee to oversee and coordinate the "give or get" program and the fund-raising dinner.

Election Day found the Attorney General re-elected, his campaign in debt and more than \$140,000 in pledges outstanding. Geto, Battenwieser, Boxer and the Attorney General split up among themselves the responsibility for collecting these pledges. The Attorney General was assigned, in several instances, to make one last effort to collect pledges which the campaign committee had otherwise all but written off.⁹⁵ The finance committee also considered going back to loyal supporters, like Donald Trump,⁹⁶ to solicit additional funds.⁹⁷

B. The "Give or Get" Program

The "give or get" program also involved direct solicitation by the Attorney General. Over 80 individuals were approached and asked either to contribute between \$5,000 and \$10,000 or to raise that amount from their friends, acquaintances or business colleagues.⁹⁸

Individuals in the "give or get" program were encouraged to host whatever type of fundraiser they felt they could handle. In most instances, the initial contact with the prospective host was made by the Attorney General himself. Functions ranged from a small buffet luncheon at the host's home to cocktails and dinner at Tavern on the Green. Individual events raised anywhere from \$1,200 to over \$25,000, for a total of approximately \$400,000.

⁹⁵ Tr. Mar. 10, 1989, at 54; Hrg. Exh. 17, Mar. 10, 1989. At the Commission's hearing on March 10, 1989, the Attorney General testified that he did not in fact make these assigned follow-up calls (Tr. Mar. 10, 1989, at 56-57).

In any event, the committee's post-election solicitation efforts met with mixed success. George Klein, who had pledged \$15,000, made good in full on that pledge six months after the election.

Lewis Rudin, on the other hand, who pledged \$5,000 at a one-on-one breakfast in September 1986, was pursued with less success. Four months after the election, Battenwieser wrote to Rudin to advise him that he was free to contribute to the Attorney General since his "plan for 65 Central Park West has been accepted for filing." See Appendix Three, Exhibit 7 (letter from Lawrence Battenwieser to Lewis Rudin, March 4, 1987).

As of September 1, 1987, Rudin's \$5,000 pledge had been all but written off as uncollectible, although the initials "RA" still appeared next to his name in the column captioned "person responsible for collection" on the attachment to the Citizens for Abrams' September 1, 1987 balance sheet. See, Appendix Three, Exhibit 8; see also Appendix Three, Exhibit 9 (letter from Ethan Geto to Lawrence B. Battenwieser, dated June 4, 1987, advising Battenwieser that Abrams "was going to follow-up personally" with Rudin).

⁹⁶ By December 1986, Trump had already contributed \$20,000 to the Attorney General's 1986 campaign, \$5,000 more than the basic one-on-one pledge of \$15,000 (Tr. Mar. 10, 1989, at 59; Hrg. Exh. 14, Mar. 10, 1989).

⁹⁷ Tr. Mar. 10, 1989, at 59.

⁹⁸ Tr. Mar. 10, 1989, at 93-95.

II. Solicitation of Contributions from Those with an Economic Interest in the Decisions of the Attorney General's Office

A. Solicitation and Acceptance of Campaign Contributions from Sponsors of Condominium and Cooperative Apartment Conversion Plans

Decisions made by the Attorney General's office have a broad impact on various members of the business community, particularly real estate developers and their lawyers. The office oversees public offerings of real estate securities, including condominium and cooperative apartments. It reviews each offering plan for compliance with detailed disclosure requirements, and is vested with substantial investigative and prosecutorial powers.

In connection with the 1986 election, Citizens for Abrams voluntarily adopted a policy banning certain contributions from the sponsors of co-op and condominium plans. A pre-printed slip was sent out with each thank-you note,⁹⁹ advising the contributor that:

The Citizens for Abrams committee has adopted a policy that it will not accept any contributions from individuals who are sponsors of co-op or condominium plans pending in the New York State Department of Law . . . If [this] polic[y] may affect your contribution, please contact the committee at (212) 692-9440.

The Commission's investigation reveals that this voluntary policy is flawed in crucial respects. First, the definition of when a plan is "pending" is too narrow. As the Attorney General explained at the March 1989 hearing, a plan is considered "pending" for purposes of his ban only during the period of review of the proposed offering statement known as the "red herring."¹⁰⁰

There are no restrictions on the solicitation or acceptance of contributions after the red herring has been accepted for filing, even though the Law Department continues to play a

⁹⁹ Tr. Mar. 10, 1989, at 65-66, Hrg. Exh. 18, Mar. 10, 1989.

¹⁰⁰ Tr. Mar. 10, 1989, at 65-67.

pivotal role in the conversion process once the red herring has been accepted for filing and the offering statement or "black book" is distributed to tenants and prospective buyers.¹⁰¹

Thus, for instance, when Donald Trump contributed \$7500 to the Attorney General on April 10, 1986, five plans worth over \$60 million in which Trump had an interest were still in the black book stage and had not yet become effective.¹⁰² When Battenwieser advised developer Lewis Rudin on March 4, 1987 that he was "not hindered by the constraints of the Campaign from making a contribution to the Campaign" since his plan for 65 Central Park West had been accepted for filing,¹⁰³ that plan was still in the black book phase and would not become effective until July 1987.

Second, to police its ban, the campaign committee relies on the contributor--the very person who may be seeking to ingratiate himself with the officeholder--to come forward and demand the return of his contribution.¹⁰⁴

¹⁰¹ Tr. Mar. 10, 1989, at 67-76. The Commission can see no principled distinction between the red herring and the black book phase of the Law Department's responsibilities. For instance, a closing cannot take place on any units the sponsor sells until the Law Department reviews and accepts the effectiveness amendment, which must be filed within 15 months of the issuance of the black book and which must state that the sponsor has sold the requisite number of units to bona fide purchasers who intend to reside in the building. N.Y. General Bus. Law section 352-eeee(2)(a), 2(c)(i) and 2 (d)(i). The Law Department is empowered to reject a plan at the black book stage if, upon investigation, the Law Department determines that the sponsor has failed to comply with the various statutory requirements involving the sale of units to bona fide purchasers. (Tr. Mar. 10, 1989, at 74-75).

A plan may also be rejected at the black book stage if the Law Department finds that the black book contains material misrepresentations, i.e., if the condition of the building has been falsely portrayed, or if the maintenance figure has been underestimated. Tr. Mar. 10, 1989 at 75. Complaints by tenants of harassment by the sponsor may be grounds for seeking a stay of the sale of units which, in turn, may cause the sponsor to miss the statutory 15-month time frame for filing the effectiveness amendment. N.Y. General Bus. Law section 352-eeee(4).

¹⁰² Hrg. Exh. 20, Mar. 10, 1989.

¹⁰³ See Appendix Three, Exhibit 7 (letter from Lawrence Battenwieser to Lewis Rudin dated March 4, 1987) and footnote 95 above.

¹⁰⁴ Tr. Mar. 10, 1989, at 88. The Attorney General testified that:

"the whole point of this process is to separate the fundraising and the campaign from the Department of Law . . . I don't want somebody in my fundraising operation in the campaign headquarters to put in a call to somebody in the real estate finance bureau about a contribution. That would require contact, liaison, information. That is totally antithetical to the way we have conducted ourselves and set up this program." (Tr. Mar. 10, 1989, at 86-87).

The inadequacy of this enforcement mechanism was illustrated at the Commission's hearing in March 1989. On March 13, 1985, Donald Trump fulfilled the first installment of a \$15,000 pledge to the Attorney General: Shorehaven Apartments 1, 2 and 3--entities owned by Donald Trump¹⁰⁵--each contributed \$2,500 to Abrams.¹⁰⁶ On that same day, red herrings for two co-op conversions plans in which Trump had an interest were pending in the Department of Law. According to Abrams' rules, the contributor should have alerted the campaign committee and requested a refund. Trump did not ask for his money back; the contributions were not returned.¹⁰⁷

Third, the Attorney General's voluntary ban does not address the problem of contributions received shortly before an offering plan is filed with the Attorney General's office.¹⁰⁸ From the standpoint of the sponsor, a plan may be in gestation for months and even years before it is actually filed with the Law Department; the engineering report, which the sponsor must file with the red herring, may alone take three or four months to prepare, to say nothing of any repairs or renovations the sponsor may wish to make before offering units for sale. Yet the Attorney General makes no provision for the return of a contribution when it is followed in short order by the filing of a plan.

Finally, and most important, the Attorney General's voluntary rule does not prohibit the candidate from meeting with and personally soliciting contributions from sponsors of plans with pending red herrings. The campaign committee does not screen out from its one-on-one program potential contributors with pending plans.

When, according to his calendar, the Attorney General was scheduled for breakfast with Donald Trump on January 25, 1985, Trump had at least three plans in the red herring stage pending in the Law Department. When Trump pledged \$15,000 to the Attorney General on February 22, 1985, he had four plans pending in the red herring stage.¹⁰⁹ Developer Arthur

¹⁰⁵ Tr. Mar. 14, 1988, at 255-56.

¹⁰⁶ Tr. Mar. 10, 1989, at 84-85; Hrg. Exh. 20, Mar. 10, 1989.

¹⁰⁷ Tr. Mar. 10, 1989, at 85, 88.

¹⁰⁸ Thus, for instance, records of the Law Department reveal that Bernard Mendik, who contributed \$15,000 to the Attorney General on January 16, 1985, had an interest in plans worth hundreds of millions of dollars that were filed with the Law Department from April 1985 through August 1985. That contribution fell outside the strictures of the Attorney General's voluntary policy; it was therefore not refunded.

¹⁰⁹ Tr. Mar. 10, 1989, at 79-82; Hrg. Exh. 20, Mar. 10, 1989.

Cohen had an interest in plans worth, collectively, over \$150 million when the Attorney General met with him on October 9, 1986 at the Harmonie Club and asked for his \$15,000 pledge.¹¹⁰

Inherent in a policy which permits solicitation of campaign contributions--but not the acceptance of campaign contributions--while a plan is pending is the danger that the inference will be created, however unintentionally, that payment will be expected for favorable action by the officeholder. Soliciting campaign contributions while a plan is pending invites cynicism and, in the Commission's view, is implicitly coercive.

**B. Solicitation and Acceptance of Campaign Contributions
from Attorneys with Matters Pending in the Law
Department**

1. Contributions From Sponsors' Attorneys

In the 1986 campaign, the Attorney General's voluntary ban did not apply to the acceptance of campaign contributions from law firms whose attorneys represented sponsors of condo and co-op plans pending in the Law Department, despite the fact that the sponsor's attorney has more direct dealings with the Law Department than the sponsor itself.

For instance, Morton Certilman, one of the state's foremost sponsors' attorneys, was invited to a one-on-one breakfast on January 23, 1986.¹¹¹ His \$15,000 pledge was fulfilled by his law firm, Wofsey, Certilman, Haft, Lebow & Balin, in March 1986. In the two months between Certilman's pledge and his firm's contribution, his firm represented sponsors in over twenty plans submitted to the Law Department. Since January 1984, Certilman's firm has

¹¹⁰ The Attorney General testified that Arthur Cohen was:

"a success of our blue slip co-op policy. I solicited Arthur Cohen together with Larry Bittenwieser for a \$15,000 contribution. He made a commitment of \$15,000. We have never collected that \$15,000 because he has had plans in the office." (Tr. Mar. 10, 1989, at 135.)

Nonetheless, Arthur Cohen's \$15,000 pledge was carried forward on the September 1, 1987 balance sheet of Citizens for Abrams as a viable pledge that had not yet been written off and which Ethan Geto was assigned to collect. See Appendix Three, Exhibit 8.

¹¹¹ Hrg. Exh. 14 & 32, Mar. 10, 1989.

represented sponsors of over 500 condo and co-op plans submitted to the Law Department for review.

Altogether, of approximately \$150,000 contributed to the Attorney General's 1986 campaign by law firms in the name of the firm, approximately \$90,000 was contributed by firms that represented sponsors in at least one plan submitted to the Law Department since January 1984. Firms with ten or more plans accounted for a quarter of the law firms' contributions.

2. Contributions from Attorneys with Active Matters Pending in the Law Department

During the 1986 election, the Attorney General had no restriction on contributions from those who had an interest in matters other than real estate development pending before his office. The following example illustrates the ethical dilemma which the Commission believes is inherent in the solicitation of contributions from attorneys with matters actively pending in the Law Department.

In May 1986, the Attorney General spoke with Ira Millstein, a prominent New York City attorney, to ask him to help out in the campaign's fund-raising effort. Throughout the summer of 1986, campaign staff tried unsuccessfully to contact him to follow-up on that initial conversation.¹¹²

On September 15, 1986, Abrams presided over a meeting at the Law Department at which Millstein and another partner from his firm sought relief from the Attorney General's office on behalf of one of their clients.¹¹³ Shortly after that meeting, Abrams telephoned Millstein, to ask him to raise \$10,000 from his law firm for the campaign.¹¹⁴

¹¹² Tr. Mar. 10, 1989, at 95; Hrg. Exh. 16, Mar. 10, 1989. Campaign committee records indicate that campaign staff tried to contact the prospective contributor four times from June 5 to September 10, 1986. (Hrg. Exh. 16, Mar. 10, 1989).

¹¹³ Tr. Mar. 10, 1989, at 96, 100-102.

¹¹⁴ The Attorney General had no specific recollection of that conversation (Tr. Mar. 10, 1989, at 96-97); Millstein remembered getting a call in his office from the Attorney General sometime in the fall of 1986 but was not sure when.

However, Millstein's partner, who was present in the office when the Attorney General called, remembers that the call was made after the September 15 meeting at the Law Department. He remembers being surprised that Abrams made the call personally, especially since he and Millstein had met with the Attorney General in his office a few weeks earlier.

(continued...)

Millstein did not raise the \$10,000 the Attorney General was looking for, but he, his firm and his partner together contributed \$2,000 in late October 1986. Geto called Millstein yet again, on November 14, 1986, after the election was over. This time, according to Geto's notes of the conversation, the lawyer requested that the campaign committee "stop pressuring him;" he still had a matter in the Law Department and "shouldn't have sent [the] contribution in [the] first place."¹¹⁵

At the Commission's hearing, the Attorney General took issue with the suggestion that the contributor was in any way pressured by his campaign staff and testified that he had stood by the decision of his Law Department staff which was adverse to the contributor's client.¹¹⁶

In an effort to address the ethical issues raised by contributions from attorneys, Abrams announced at the close of the Commission's hearings in March 1989 that he would refer every contribution over \$2,500 from anyone with a "representational interest" in a matter involving his office to the New York State Commission on Ethics and would refund any contribution which "might create the appearance of a conflict."¹¹⁷

The Commission considers such a measure, commendable as it is, inadequate. Contributions from those attorneys for condo and co-op plan sponsors, whose practice revolves in a substantial way around the Department of Law and whose appeal to prospective clients depends, in some measure, on their success in shepherding plans through the Law Department, should be prohibited altogether. So too should contributions from attorneys with other matters actively pending before the Law Department.

¹¹⁴(...continued)

Campaign committee records indicate that other campaign staff members sought to contact Millstein six times from September 17, 1986 to October 27, 1986. (Hrg. Exh. 16, Mar. 10, 1989.)

¹¹⁵ Hrg. Exh. 16, Mar. 10, 1989.

¹¹⁶ Tr. Mar. 10, 1989, at 98-102. Millstein, who was interviewed by Commission staff, noted that the Attorney General made no reference to his client's pending matter in the fund-raising call and stated that he himself did not connect the two events in his own mind.

At the same time, he told the Commission that the continuing requests for money -- especially after he had already raised \$2000 and in light of the fact that the election was over -- made him "uncomfortable" and he felt that the perception would not be right.

¹¹⁷ Tr. Mar. 10, 1989, at 141.

III. The Major Mailing List

Before the 1986 election, the Attorney General advised all his employees in writing that “under no circumstances may any Department [of Law] employee engage in any political activity during working hours or on state premises, or make use of state equipment or resources for such activity.”¹¹⁸ (emphasis added).

This is a rule the Commission supports wholeheartedly. State resources are for public business, not campaigning. Using such resources for political purposes gives a significant and unfair advantage to incumbents. The Commission’s investigation reveals, however, a significant breach of the Attorney General’s policy which can be viewed as amounting to a public subsidy to his campaign.

At some point in the Attorney General’s first term of office, he began to compile at state expense a mailing list which came to be known as the Major Mailing List or “MML” for short.¹¹⁹ Separate and distinct from other mailing lists maintained by the Department of Law,¹²⁰ the MML included over 600 names by May 1986 and grew to over 1000 names in 1988.

Names were added to or deleted from the MML by Department of Law staff at the direction of the Attorney General.¹²¹ For each name on the MML, the Department of Law computer in which the MML was stored included a separate field for the name of the individual’s spouse, business address, home address, office telephone number, home telephone number, and an indication of any nickname by which he and his spouse were to be addressed.¹²² As the need arose, these separate fields were also corrected, updated and proofread by Department of Law employees.¹²³

¹¹⁸ Hrg. Exh. 26, Mar. 10, 1989.

¹¹⁹ Tr. Mar. 10, 1989, at 107-108, 111-112; see Hrg. Exh. 11, Mar. 10, 1989.

¹²⁰ Apart from the MML, the Department of Law maintained mailings lists for various constituencies of the office, including press contacts, civil rights groups, religious groups, environmental groups, consumer rights activists, and labor unions. Names on the MML were assigned a specific computer code which allowed them to be retrieved without retrieving the names on the other mailing lists.

¹²¹ Tr. Mar. 10, 1989, at 108-109.

¹²² Tr. Mar. 10, 1989, at 110.

¹²³ Tr. Mar. 10, 1989, at 108.

From time to time, those whose names appeared on the MML received a letter from the Attorney General, typed on Department of Law letterhead, together with a package of press clippings.¹²⁴ The letter did not, as one might expect, tout the recent legal victories scored by his office.¹²⁵ Rather, the emphasis in the MML letters sent out by the Department of Law from December 1984 through June 1987 was on the stance which the Attorney General himself believed should be taken to fight crime and municipal corruption.¹²⁶

Certainly, the issues raised in the MML letters are issues of concern to all New Yorkers.¹²⁷ Yet, it is hard to escape the conclusion that the mailings served, at least in part, to pique the interest of a select group of wealthy prospective supporters.¹²⁸ The tone of the letters was confiding and personal. The reader was addressed by his first name or nickname and the letters, signed "Bob", were cordially concluded with "warmest personal regards." Time and again, the reader was invited--"as a person of prominence who has a leadership role in the community"¹²⁹--to respond with their comments.

That the MML could be viewed as serving a campaign function is bolstered by a comparison of the MML with the lists of Abrams' contributors filed with the state Board of

¹²⁴ Tr. Mar. 10, 1989, at 107.

¹²⁵ For a brief period of time, the Law Department's Office of Public Information published and disseminated a newsletter, Agenda which did precisely that: inform the reader of recent victories of the office in the area of environmental protection, civil rights, consumer protection and the like. The Department of Law informed the Commission that that newsletter has not been published since early 1985.

¹²⁶ Documents provided to the Commission by the Law Department included eight MML letters dated, respectively, December 12, 1984, May 10, 1985, September 13, 1985, December 27, 1985, April 18, 1986, May 16, 1986, February 6, 1987 and June 22, 1987. See Appendix Three, Exhibit 10. The Commission was advised that no MML letters were sent out in 1988.

¹²⁷ The call for law enforcement reform was sounded in the December 1984 MML letter, mailed by the Law Department just as Abrams was scheduling the first of his one-on-one breakfast meetings, and was taken up again in the MML letters of May 1985, April 1986 and February 1987. The need for ethics reform legislation is set forth in MML letters of May 1986, February 1987 and June 1987.

Other themes, such as the need to preserve the deductibility of state and local taxes, the recruitment policies of the Law Department and the need for legislation to deal with toxic chemical spills are sounded in MML letters of September 1985, December 1985, and February 1987 respectively. See Appendix Three, Exhibit 10.

¹²⁸ After the election, the tone is more in the nature of a "thank you." Before going on to reiterate the Attorney General's stance on legislation needed in the areas of law enforcement, ethics reform and toxic chemicals, the February 1987 MML letter -- the first to follow the November 1986 election -- reminds the reader that the Attorney General's "margin of victory was the biggest in the history of the office, 65.12%" and that he "carried 60 of 62 counties in New York State, losing the two by a combined total of only 191 votes." The Attorney General also enclosed a sample of newspaper editorials supporting his candidacy, culled from daily newspapers throughout the state. See Appendix Three, Exhibit 10.

¹²⁹ See Appendix Three, Exhibit 10 (December 12, 1984 MML letter).

Elections. Seventy-three percent of those on the MML as of December 1988 were contributors.¹³⁰ Of the \$2,288,000 Abrams raised from January 1984 through January 1989, over \$1,900,000--83%--came from MML contributors.¹³¹

Over 400 names were added to the MML between May 1986 and December 1988; of these, 94% were the names of contributors or those who were associated with firms or unions which contributed to Abrams' 1986 campaign.¹³² As the Attorney General testified in explaining why no mailings had been made since 1987, "the list became imbalanced . . . it was growing disproportionate in terms of financial contributors."¹³³

If looked at from a campaign-related perspective, the MML allowed the Attorney General to communicate at state expense with wealthy individuals who had supported his campaign in the past or who might be encouraged to support his campaign in the future. Beyond that, it also provided a valuable address and telephone directory for the campaign staff. A copy of the Major Mailing List was brought from the Law Department to the campaign headquarters in 1986 by a campaign staff member on leave of absence from the Law Department and was openly available for consultation there not only by campaign staff but by the Attorney General himself.¹³⁴ The 1986, 1987 and 1988 versions of the MML were also sent by that Law Department staff member to the office of Abrams' campaign consultants, Geto & DeMilly.

Interviews conducted by Commission staff reveal that the MML was useful to the campaign in a variety of ways. It was used to place telephone calls for the Attorney General from the campaign headquarters; to compile lists of people to invite to the major fund-raising dinner in October 1986; to address invitations to other smaller fund-raising events; and to send personal thank you notes to contributors where the incoming contribution check lacked an address.

¹³⁰ Hrg. Exh. 4, Mar. 10, 1989. A comparison of the MML with the list maintained by the campaign committee of the approximately 100 people in the one-on-one program reveals that over 80% of the names on the one-on-one list appear on the May 1986 version of the MML. Compare Hrg. Exh. 11 and 14, Mar. 10, 1989. Everyone on the one-on-one list who is not on the May 1986 version of the MML appears on a subsequent version of the MML. Compare Hrg. Exh. 14 & 28, Mar. 10, 1989.

¹³¹ Tr. Mar. 10, 1989, at 29; Hrg. Exh. 4, Mar. 10, 1989. MML contributors include all individuals named on the MML who either contributed to Citizens for Abrams as individuals, or whose firm(s) or union contributed to Citizens for Abrams.

¹³² Tr. Mar. 10, 1989, at 29-30.

¹³³ Tr. Mar. 10, 1989, at 117-118.

¹³⁴ Tr. Mar. 10, 1989, at 113-114.

III.

Fund-Raising Practices of Comptroller Edward V. Regan

Introduction

In many ways the political fund-raising of Comptroller Edward V. Regan has followed a format typical of other candidates in New York State. He has one campaign committee, the Ned Regan Support Committee ("Support Committee"); that committee forms a Dinner Committee and, in some years, a Finance Committee, to spearhead a fund-raising drive centered around an annual fund-raising dinner. The Support Committee has only one full-time paid employee, but employs ancillary bookkeeping help and, during periods before the major fund-raising events, a number of short-term paid campaign workers and volunteers.

However, unlike the other state-wide officeholders, Regan assigned a senior advisor on his Comptroller's Office staff to serve as liaison to the Support Committee and to do work related to fund-raising. That advisor, while a State employee, wrote a series of memoranda to the Comptroller on Comptroller's Office letterhead, setting forth in detail a campaign fund-raising agenda that appears to link campaign contributions with the award of lucrative investment management contracts and other business by the Comptroller's Office.

This chapter will examine the operation of the Ned Regan Support Committee, including both its fund-raising approach and the personnel (both paid employees and volunteers) it used to solicit contributions during 1982 through 1988. It will review the many memoranda which were written in connection with the Committee's fund-raising efforts, by Joseph Palumbo, the Comptroller's Assistant, whose official duties included serving as liaison with the Support Committee. It will also review the contribution patterns of those who contributed to the Support Committee, including the identities of the contributors, the nature of their business dealings with the Comptroller's Office, and the timing and amounts of their contributions.

The Commission is aware that some of these facts are presently being reviewed by the District Attorney for New York County. It must be emphasized that this Commission is neither a grand jury nor a prosecutor. It has no law enforcement functions. It does not seek to establish whether in fact campaign contributions were solicited with the promise of state

business; nor, if so, whether such conduct violated any criminal statute; nor, if it did, to determine who should bear criminal responsibility, by virtue of having participated in, or authorized, the deeds. In short, it is not this Commission's function to pinpoint liability, but to review the facts, and to evaluate their implications for this State's current system of campaign finance.

I. The Ned Regan Support Committee

The Ned Regan Support Committee handles the receipt and disclosure of all contributions to Ned Regan, as well as all campaign expenditures. It also organizes Regan's fund-raising efforts. The Support Committee is chaired on a volunteer basis by Lawrence Huntington, a long-time friend of Regan's whose interest in politics dates back to his participation in John Lindsay's mayoral campaign. The Treasurer of the Support Committee (again, a volunteer) was, from 1978-1987, Wilfred S. Meckel, II, of Seligman Securities. In 1987, Meckel resigned, and was replaced by Carl Pforzheimer, III, of Petroleum Trading Corp. Support Committee members, whose names are listed on the Committee's letterhead, consist of individuals who demonstrate their support of Regan either by providing substantial services (such as organizing the details of the fund-raising events) or by making substantial contributions, or both. On rare occasion, a prominent individual may, in effect, lend his name to the Regan campaign effort, by becoming a Support Committee member without either making a substantial contribution or devoting effort to the cause.

The Support Committee raises funds in the efficient manner characteristic of the most effective philanthropic fund-raising. William Hicks, the single full-time employee of the Committee, was for a number of years before joining the Committee a successful professional fund-raiser for charitable and cultural institutions. Under Huntington's leadership (assisted by Hicks), volunteer Dinner Committee Chairs or Co-Chairs for the annual fund-raising dinner (held by tradition in the Spring) are selected on the basis of their stature in the community and, more specifically, their "outreach" or ability to buttonhole large numbers of friends, clients and other contacts and to solicit pledges or purchases of tickets/tables. Dinner Committee members are recruited from among the ranks of Support Committee members, or their contacts, and asked to be responsible for buying, or selling, one or more tables at the annual gala event. Follow-up calls are assiduously made by Support Committee staff and volunteers. In the 1986

campaign year a second dinner was held, which entailed all the organizing effort of the Spring dinner, though the fund-raising goal was lower.¹³⁵

As Huntington explained in interviews with Commission staff, campaigns for State Comptroller are expensive, even in years when the opposition is not strong. No candidate, even an incumbent, can be confident that the opponent is not strong enough to prevail. The consequence of underestimating the opponent's strength would be so great that even the strong incumbent must mount, and finance, a full-force campaign. In order to raise the needed funds, a goal is set for each dinner (in Regan's case usually at least \$1 million), and over the four years an incumbent holds office he tries to amass enough money to fund his race for re-election. While efforts are made to keep actual costs of the campaign within the budgeted amount, last minute expenses may cause overruns, and bank loans may be taken, guaranteed by individual contributors with repayment promised after the election.¹³⁶ Regan spent over \$1.4 million on his 1982 campaign, and over \$3.1 million in 1986. By contrast, his opponent in 1986, Herman Badillo, spent less than \$400,000.

Huntington stated that the greatest handicap Comptroller Regan faces in his fund-raising is that "nobody knows who the Comptroller is and what his job is."¹³⁷ As he described it, individuals and businesses in the financial community, who also do business with the Comptroller's Office, figure prominently in his fund-raising in part precisely because they know the Comptroller and the work of his office, as well as because they are historically the most generous contributors not only to political but also to philanthropic fund-raising events.

In fact, it is to prominent figures in the financial and sometimes real estate communities that the Support Committee turns when selecting those key individuals with the quality of "outreach" to serve as Dinner Committee Chairs and anchors of the annual fund-raising effort, as well as to serve as Dinner Committee members.¹³⁸ But the significance of this selection can only be appreciated in the context of an understanding of the scope of the Comptroller's

¹³⁵ The fundraising dinners were held on May 2, 1983; May 7, 1984; May 6, 1985; January 27, 1986; October 6, 1986; June 8, 1987; and May 2, 1988.

¹³⁶ Huntington described just such a scenario in Regan's 1986 campaign. In the waning days of the campaign, the opponent's intensive radio campaign in Regan's home city caused the candidate "almost to panic," and to decide to respond with his own costly media appeal. During the last two weeks of October 1986, the Support Committee took out a \$290,000 loan, guaranteed by thirteen of Regan's most reliable supporters. The loans were repaid by September 1987.

¹³⁷ Huntington Dep. Tr. Sept. 19, 1988, at 35-36; Hrg. Exh. 1, Sept. 24, 1988.

¹³⁸ Memorandum from William Hicks to Lawrence Huntington, dated November 23, 1987. See Appendix Three, Exhibit 11.

discretionary decision-making, especially as it affects those groups. This discretion is at its greatest over investment decisions for assets of the Common Retirement Fund.

II. The Comptroller's Role in the Award of Pension Fund Business

New York State's Common Retirement Fund, with assets of over \$35.8 billion,¹³⁹ has by law a sole trustee, the Comptroller of the State. While there are some statutory restraints on the allowable investment of these assets, the Comptroller retains enormous discretion to manage the funds: to invest directly in equities or liquid assets, with his office selecting brokers and banks; to place the funds with active managers selected as he chooses; to diversify into high risk ventures, including leveraged buyout deals and Certificates of Participation; to invest in real estate or mortgage-backed securities. In all these transactions he can be guided, but is not controlled, by committees composed of representatives of the financial and investment communities, who sit on the Investment Advisory Committee and Mortgage Advisory Committee.¹⁴⁰ Each of these investment decisions can, and does, generate enormous fees for the brokers, fund managers, and banks who manage the investments, loan funds for recipients of mortgages, and legal fees for attorneys who represent the individuals and firms involved in these transactions. Between January, 1984 and August, 1988, direct commissions and fees paid by the Comptroller to firms in the financial community totalled \$271 million; to firms in the real estate business, \$7.9 million; and to lawyers and law firms, \$871,000.¹⁴¹

Until recently, the existence of this enormous discretion to award financial benefits was virtually unknown to anyone outside the financial and investment world. Even the Annual Reports of the Common Retirement Fund, while they indicate that the Comptroller is the sole Trustee, provide only general information about the Fund holdings and do not illuminate the extent of his decision-making in this area.

¹³⁹ These were the assets as of March 31, 1988, the most recent annual report before the Commission hearing at which Regan testified.

¹⁴⁰ See discussion, pages 60-61 below.

¹⁴¹ Other financial benefits were awarded indirectly, such as where the Comptroller's office engaged in a real estate transaction where brokers' fees were paid by a third party.

This exclusive (and obscure) discretion to award enormous benefits, unique among statewide officeholders, has provided, and still provides today, the ingredients for potential abuse of many kinds, but particularly in the area of campaign finance. The risk of abuse is all the greater where there are links, whether formal or informal, between the fund-raising functions and the official functions of the officeholder. In the Comptroller's case, there were a number of such links.

III. Employees and Advisors as Links Between Two Offices

A. Joseph Palumbo: State Employee and Political Fund-raiser

From 1986 to 1988, Joseph Palumbo was employed in the Office of the State Comptroller as Assistant to the Comptroller.¹⁴² Witnesses variously described him as a liaison to the financial community, an issues spotter, "the Comptroller's 'eyes and ears' in the financial community," an assistant charged with developing position papers on somewhat peripheral programs under consideration by the Comptroller's Office, someone who could call anyone in the office to seek information or communicate the Comptroller's desires, and "not a substance person."¹⁴³ The professional staff in the Division of Cash Management, while minimizing Palumbo's decision-making role in the business of their Division (to which he had once been assigned), conceded that they would not feel free to withhold from him any substantive information he might seek (as he did from time to time). They also described situations when Palumbo attended substantive meetings, such as presentations in response to an RFP for an investment manager. He also attended the meetings of the Investment Advisory Committee, and prepared the minutes.

The descriptions of Palumbo's duties appeared always to include fund-raising in some way, and to emphasize his role as liaison with the Support Committee. Huntington emphasized, and William Hicks confirmed, that Palumbo was someone on the Comptroller's staff whom

¹⁴² Palumbo has held a number of positions in the Comptroller's Office, including one in the Division of Cash Management, the Division charged with investing the assets of the Common Retirement Fund. He has now resigned following the institution of grand jury proceedings.

¹⁴³ Tr. Sept. 23, 1988, at 69, 73, 162; Tr. Hull Dep. Sept. 16, 1988, at 63.

either Huntington or Hicks could contact with information or questions concerning fund-raising.

And at the Commission's hearing, Regan testified that one part of Palumbo's official job was to lay the foundation for fund-raising: to identify potential contributors to Regan and to recommend opportunities to meet with them, for the express purpose of obtaining political contributions. As Regan described it:¹⁴⁴

"[T]his is part of his job and, again, it is part of the environment to get me to raise--to participate more actively in fund-raising, and that I should go out and meet with people that contribute, are known contributors to other candidates, that are wealthy, that are involved....

... having to find out who the prominent people are in this City, be they wealthy people who contribute or civic leaders that I should meet, or the academic community, prominent people, and providing me with names under any rubric....[I]f he came to me and said why don't you try to meet, and named all those names, I would have to say that undoubtedly over the course of a couple of years that could easily have happened."

In addition, Palumbo routinely took leave from his government position to work full-time as a salaried employee of the Support Committee during the weeks prior to a major fund-raising event, or prior to an election. At those times he would assume responsibility for follow-up calls to potential contributors who had made pledges but not yet given their checks, or to those who had not yet made a commitment to give. Witnesses said that Palumbo was assigned a large stack of the index cards naming contributors, some (though not all) of whom were assigned to him because it was felt that (for reasons never specified by witnesses) he might be the most effective solicitor.

¹⁴⁴ Tr. Sept. 24, 1988, at 115, 116.

**B. Lawrence Huntington: Support Committee Chair
and Member of Common Retirement Fund
Investment Advisory Committee**

The Chairman of the Support Committee, Lawrence Huntington, is also the Chairman of Fiduciary Trust International, an investment banking conglomerate. For a number of years Huntington has served as a member of the Investment Advisory Committee which, pursuant to statute, oversees investments of the Common Retirement Fund assets. In that capacity he receives all the literature concerning investments which is distributed to IAC members on a regular basis, attends the quarterly meetings of the IAC, and actively participates in shaping the Comptroller's investment policy for the Common Retirement Fund. For example, Huntington was a major proponent of a shift in investment strategy for the bond portfolio, away from passive management and toward an active management approach. His firm, Fiduciary Trust, did a series of consulting studies to assess the new strategy, for which it received some \$25,000 in investment-related fees in fiscal year 1986, \$230,000 in fiscal year 1987 and \$252,000 in fiscal year 1988.¹⁴⁵ Fiduciary Trust also received income as a result of its equity trading for the benefit of the Common Retirement Fund.

**C. Support and Dinner Committee Members as Members
of Common Retirement Fund Advisory Committees**

Some nine members of the Support Committee, and an additional two members of the Dinner Committee have been, at various times over the past five years, members of the Investment Advisory Committee and Mortgage Advisory Committee ("MAC").¹⁴⁶ The members of the Mortgage Advisory Committee have veto power over any proposed investment in mortgages or real estate; the members of the Investment Advisory Committee, although they appoint the members of the MAC, have advisory oversight responsibility but no formal power over the Comptroller's investment decisions. The Investment Advisory Committee meets quarterly to review the investment decisions of the Comptroller and to receive detailed accounting of the Fund's performance; the Mortgage Advisory Committee meets approximately

¹⁴⁵ Tr. Huntington Dep. Sept. 12, 1988, at 12-16. Huntington testified that his firm did these studies as a "loss-leader in the hope of receiving a share of the bond management business"; they were not selected. Id.

¹⁴⁶ The members of the Support Committee who were also members of the Mortgage Advisory Committee are Richard Bernstein, Benjamin Lambert, George Vadyak, and Louise Sunshine; those who were members of the Investment Advisory Committee are Lawrence Huntington, Robert Irwin, Peter Sharp, Madelon Talley, and Leon Levy. The members of the Dinner Committee who were also members of the Mortgage Advisory Committee are Monroe Seifer and Alvin Dworman.

every month. The Comptroller appoints their members, who serve at will, and the Comptroller also decides which of the members of the MAC to summon to its monthly meetings.

In connection with their service on these Committees, members become privy to all the major plans and policies of the Comptroller with respect to his investment of the Funds. Indeed, they are clearly in a position to shape those policies, since they are selected by the Comptroller himself, on the basis of their investment expertise, precisely so that he can consult with them. The Comptroller has no formal policy against employing the services of these advisors or their firms as investment managers, brokers, and the like, nor against investing the Fund's assets in their ventures. (There is, however, a provision that no member of the Mortgage Advisory Committee participate in the vote by which an investment which may benefit him or his firm is authorized.)

In their capacity as Support or Dinner Committee members, several of these advisors also serve as active fund-raisers for Regan. There is a clear appearance of conflict in their dual roles; this appearance is not lessened by the fact that many of these firms have profited by the investment decisions of the Comptroller, or by the fact that those from whom they solicit contributions receive (or can receive) substantial business from the Retirement Fund investment decisions.¹⁴⁷

IV. Palumbo's Central Fund-raising Role

Joseph Palumbo's activities as liaison between the Comptroller's Office and the Support Committee were detailed in a number of memoranda which he authored. The first, which is unsigned and on its face does not identify to whom it was sent, delineates in no uncertain terms a proposed fund-raising strategy.¹⁴⁸ This memorandum was followed by a series of memoranda from Palumbo to Regan, on official letterhead of the Office of the State Comptroller, which set forth details of fund-raising plans over more than three years, and reflect both the level of

¹⁴⁷ Commission staff identified approximately 108 individuals as having served on the Support Committee during part or all of the period 1982 - 1988. Of these, four were known to be relatives of the Comptroller or staff of the Committee. Of the remaining 104, the individuals were affiliated with some 70 different firms. 41, or 59%, of these firms, received direct business from the Comptroller's Office. 18 of the remaining firms are in either the financial, real estate, or legal communities. Thus, 59 of the 70 firms represented on the Support Committee are in businesses which receive substantial income from the Comptroller's investment decisions.

¹⁴⁸ During his testimony on September 23, 1988, Regan acknowledged that this memorandum had been authored by Palumbo, although he denied having seen it at the time or endorsing its philosophy. (Tr. Sept. 23, 1988, at 106.)

Palumbo's involvement in the Comptroller's fund-raising operation, and the approach that Palumbo, at least, espoused in soliciting contributions.¹⁴⁹

A. The "Give to Get" Memorandum

On August 20, 1985, Palumbo traveled to Washington, D.C., to meet with Government Finance Officers Association officials. During that visit he met with Rod Smith of the National Republican Senatorial Committee;¹⁵⁰ three days later he wrote a three-page memorandum summarizing a fund-raising strategy for Regan's campaign committee which he had discussed in detail with Smith.¹⁵¹ Palumbo said Smith "made it clear" that Regan's "power and fund raising base" should mean that the Support Committee "should not have a problem, rather, we should have more money that we know what to do with." The fact that Regan was sole trustee of a pension fund that amounted to \$26 billion, and that grows by \$2.5 billion annually, and that he "was the final say on which firms receive commission business, etc." meant, Smith observed, that Regan:

"...had more leverage than most elected officials since he provided firms with actual dollars, while a senator or governor can only provide a vague promise to assist with legislation or make a few introductions and phone calls..."

Palumbo then repeated Smith's observation that any difficulties Regan might experience in raising funds were the result of his being "too much of a nice guy," and that Regan must now "make it clear that those who give will get." Palumbo set forth Smith's recommendation that the Support Committee and the Comptroller set up an advisory board of investment firms to help him make investment decisions, and obtain fixed, high amounts in contributions from the members of those boards. In turn, the participants would receive most of the investment business. While Palumbo said this "may be a bit too radical" he added that he thought it could be modified:

¹⁴⁹ Regan also testified that he could not recall having ever seen these memoranda, because of the volume of memoranda he must read daily in the course of performing his official duties. (Tr. Sept. 23, 1988, at 104.)

¹⁵⁰ The National Republican Senatorial Committee is composed of Republicans who pay a membership fee of \$10,000 to be used to support Republican candidates for the United States Senate.

¹⁵¹ See Appendix Three, Exhibit 12.

"...a bit to relate to the Regan Support Committee.... The Committee could be restructured to include only top CEOs such as William Shryer of Merrill Lynch. Each member could be made responsible for a sizeable amount of money and in return, they or their firm would make a sizeable amount of money. While still not the most subtle approach, it would send a clear message to the street...."

Regan testified that he never saw this memorandum and never discussed with Palumbo either his meeting with Rod Smith nor Smith's recommendations for a new approach to his fund-raising. He said that he did not agree with this philosophy of fund-raising.¹⁵² But a number of additional memoranda, addressed to Regan himself and typed on official letterhead, contain statements which appear designed to implement this strategy.

B. Palumbo's Memoranda to Regan.

1. Memoranda about Fund-Raising in General. A significant number of memoranda from Palumbo to Regan discuss only fund-raising issues, and reflect that Palumbo did, indeed, play a pivotal role in Regan's fund-raising planning, and in the implementation of the fund-raising plans.

On August 23, 1985, the date of Palumbo's "give to get" memorandum, Palumbo sent the Comptroller a memorandum bearing the reference "Subject: William Shryer."¹⁵³ The memorandum suggested naming William Schreyer, chairman of Merrill Lynch, to chair a fund-raising event.¹⁵⁴ Although Regan does not recall reading the memorandum, Schreyer did in fact serve as the Dinner Committee Chair for the next fund-raising gala.¹⁵⁵

On November 25, 1985, Palumbo sent Regan a list of some twenty-two individuals who, Palumbo suggested, could together contribute over \$250,000, an average of more than \$10,000 each. Although the memorandum did not spell this out, all twenty-two had some business

¹⁵² Tr. Sept. 23, 1988, at 104.

¹⁵³ See Appendix Three, Exhibit 13.

¹⁵⁴ In the "give to get" memorandum Palumbo had commented that Schryer's selection to chair a major fundraising event would be of immeasurable assistance in fund-raising.

¹⁵⁵ See Appendix Three, Exhibit 14.

dealings with the Comptroller's Office in connection with investments of the Common Retirement Fund.¹⁵⁶

Throughout 1986 Palumbo communicated a wide range of campaign finance information in a series of memoranda to the Comptroller that suggest that he spent a large portion of his official time that year engaged in fund-raising activities. The memos document his frequent meetings with Hicks to plan fund-raising strategies and opportunities for Regan. For instance, a joint memorandum¹⁵⁷ dated March 11, 1986 from Palumbo and Hicks to Regan and Huntington, describes in detail the individuals they targeted for contributions as well as the strategies involved in soliciting them, including plans for Regan himself to contact a number of proposed contributors and ask for money.

Another memorandum from Palumbo to Regan, dated May 19, 1986,¹⁵⁸ is referenced: "Subject: Fund-raising (various)." This memorandum lays out a series of fund-raising initiatives to pursue in different regions, including Long Island, Westchester, Albany and Rochester. It contains information about specific planning details, urges Regan to move quickly, and requests prompt indications from him concerning the steps he wishes to take. It also contains Palumbo's report to Regan on the progress of Palumbo's contacts with Drexel Burnham representatives:

"Drexel Burnham: I am meeting with Joel Mesznick tomorrow (5/20) to discuss the October event in general and the corporate angle in particular. Kathy Lacey has been given the list of holdings and we'll begin there. Also, I am setting up a meeting with you, me, Kathy Lacey and Bob Shiffer to get things moving. This meeting will be after the Convention. Kathy, others from Drexel and I are meeting with Bob Linton on Friday (5/23)."

From this language, it seems evident that Palumbo had the authority to arrange meetings with the chairman of a major investment bank,¹⁵⁹ as well as to initiate direct contact with prospective contributors to solicit campaign funds.

¹⁵⁶ Hrg. Exh. 6, Sept. 24, 1988.

¹⁵⁷ See Appendix Three, Exhibit 15.

¹⁵⁸ See Appendix Three, Exhibit 16.

¹⁵⁹ Robert Linton was CEO of Drexel Burnham Lambert.

On October 9, 1986, Palumbo routed another fund-raising directive to the Comptroller,¹⁶⁰ with a level of detail that reflects Palumbo's substantial role in fund-raising:

"Larry Huntington et al have immediately begun to move on the next fund-raising initiative with calls already placed to Peter Sharp, Ronald Perelman and Ivan Boesky..."

What you must do is call Henry Kravis, Carl Icahn, and Lawrence Tisch. When you reach them you should explain that you had a fund-raiser on Monday and while it was successful, the campaign needs additional funds... (with Henry Kravis it's important that you don't say you want him to contribute more personally. As you know, we would like him to arrange a Forstmann-type luncheon)."

It is clear that a very large part of Palumbo's "official" role, on paid government time, was to plan fund-raising. But the memoranda from Palumbo to Regan also reflect an effort on Palumbo's part to seek information concerning official business to enhance the fund-raising effort, and an intention to reward contributors with business.

2. Memoranda Linking Contributions to Business. The long May 19, 1986 planning memorandum discussed above indicates a plan to go through files in the Comptroller's Office, in order to develop information concerning prospective contributors:

"Martha and I also discussed the real estate developer/real estate attorney [fund-raising] event ... Lenny Rizzolo is getting a list together of all developers we deal with." (emphasis added)

Leonard Rizzolo heads the Mortgage Organization unit of the Comptroller's Division of Investments and Cash Management. Although it is not clear that Rizzolo ever produced such a list for Palumbo's or the Committee's use in fund-raising, it is clear that the Support Committee solicited and received a number of contributions from real estate developers who had business with the Common Retirement Fund.

A December 11, 1986 memorandum from Palumbo to Regan entitled "Spring Borrowing-Related Contributions" separates those financial institutions that participated in the

¹⁶⁰ See Appendix Three, Exhibit 17.

under-writing of the 1986 Spring Borrowing¹⁶¹ into two groups: those that made political contributions to Comptroller Regan and those that did not.¹⁶² This memorandum was written on a Thursday; four days later, according to Regan's scheduling diary, Regan met with four of his assistants to discuss the planning for the 1987 spring borrowing.¹⁶³ Selection of participants in the Spring Borrowing, and planning for the Spring fund-raising event (held June 8, 1987) went forward simultaneously.

Another memorandum from Palumbo to Regan highlights the premise that those who do not contribute should not be rewarded. Dated November 24, 1987,¹⁶⁴ it discusses the leadership of the First Boston Corporation's public finance area and then the history of the firm's contributions to Regan.¹⁶⁵ The memo (using "we" to refer, interchangeably, to the Comptroller's Office and the Campaign Committee) states:

"But while he [Mike Hernandez] does great things for First Boston, he has done almost nothing for us.

During the last fund-raiser, the only thing First Boston did was buy one table and we just received the final payment two days ago. He, along with Shoemaker, was extremely uncooperative and seemed to feel the firm was doing us a favor by lending its name to the event.

*We do an enormous amount of business with the firm (\$231,000 in commissions for this fiscal year to date) yet they more or less refused to return the favor."*¹⁶⁶

¹⁶¹ Spring Borrowing is New York State's annual issuance of short term debt against anticipated tax revenues.

¹⁶² See Appendix Three, Exhibit 18.

¹⁶³ See Appendix Three, Exhibit 19. Regan explained that the memorandum highlighting who among the participants in the underwriting had contributed to him was prepared in order to respond to press inquiries on the subject. Tr. Sept. 23, 1988, at 156.

¹⁶⁴ See Appendix Three, Exhibit 20.

¹⁶⁵ This was not the first time Palumbo computed the dollar amount of business that the Comptroller conducted with First Boston. On February 24, 1987, Palumbo sent a memorandum to Regan indicating that First Boston received \$597,419 in fees for the fiscal year beginning April 1, 1986. Palumbo also noted that figure put First Boston "in the number three slot out of the 67 firms with whom we do business." See Appendix Three, Exhibit 21.

¹⁶⁶ Another incident also suggests the possibility of retaliation for a refusal to contribute. One respected attorney with a major New York City law firm told Commission staff how, at a time when his firm had submitted a

(continued...)

These memoranda provide a backdrop for the public testimony the Commission received from one witness from the financial community. Michael Smith, formerly a Vice-President at E.F. Hutton, testified that in October, 1986 the firm was under consideration to be retained to act as financial advisor in a Certificate of Participation financing. The award of the contract was to be made October 7, 1986. In connection with processing the request for proposals for that contract, Palumbo served as the contact person at the Comptroller's Office from whom the firm could pick up certain necessary documents. During the same week, the Support Committee was holding a major fund-raising dinner; Palumbo made persistent requests to a member of the firm to purchase a table. Although Smith testified that he never heard of a specific link between the two transactions, he said that his fellow workers clearly understood that a message was being communicated: it would be helpful to their cause in bidding for Comptroller's Office business if they contributed to the Support Committee at that time.¹⁶⁷

V. Contribution Patterns Reviewed

Analysis of the contribution patterns of firms doing business with the Comptroller's Office, particularly those handling Pension Fund assets, suggests at the very least an extremely effective fund-raising drive focused on firms that have business dealings with the Comptroller's Office in connection with Common Retirement Fund investments. The fund-raising statistics show that the overwhelming majority of contributions to the Comptroller's campaign committee come from the financial, legal and real estate communities that do extensive business with his office, that contributions rose dramatically in the period following Palumbo's "give-to-get" memorandum, that particular firms who gave money to the Committee did, in fact, receive

¹⁶⁶(...continued)

proposal in an effort to be named as the Comptroller's Office permanent counsel for Certificate of Participation financing, the firm also received a solicitation letter to contribute to the fundraising dinner scheduled in a few days. The firm responded with a letter saying that they considered a contribution at that time inappropriate; they did not receive the contract.

The firm's letter apparently did not reach the Support Committee quickly enough; before it arrived, the attorney received one of the Support Committee's "follow-up calls" from an individual whose name he does not recall; the caller said that he was "astounded" at the reason the attorney gave for his firm's not purchasing a table at the upcoming dinner. In a subsequent year, at the repeated request of a client which was a major underwriting firm, the firm did buy a table, and the attorney became a member of the Dinner Committee.

¹⁶⁷ Tr. Smith Dep. Sept. 20, 1988, at 48 *et seq.*

substantial business from the Comptroller's Office, and that those involved in the fund-raising effort also received substantial business from the Comptroller.

A. Contributions Come Heavily from Those Receiving Business from the Comptroller's Office.

During the period from January 1, 1983 through July 15, 1988, 63% of Regan's contributions came from identifiable individuals and firms in the financial community; 16% came from those in the real estate community; and 12% came from lawyers and law firms. This total of 91% from identified interest groups which receive substantial direct benefits as a result of investment decisions of the officeholder stands in contrast to comparable figures for the other statewide officeholders.¹⁶⁸ Comparison of total pre-1985 contributions with contributions received after 1985 shows a dramatic improvement in the receipts of the Support Committee. In the two full years following the 1982 election, the Support Committee had raised approximately \$614,000. In the two years following the 1986 election, the Committee raised more than \$1.7 million, nearly treble the post-1982 amount. And the election year comparisons are almost as stark: in 1982, \$1.2 million was raised; in 1986, \$2 million. These overall figures are explained in part by a closer look at individual contributions.

Analysis shows that very few firms doing business with the Comptroller's Office do not contribute to his campaign committee. They frequently begin making such contributions within the first year of being awarded the business; and in a number of cases, they make contributions to no other candidate for New York office.

- * The California-based RREEF USA, an equity real estate investment manager, received no financial benefit from the Comptroller's office prior to 1986; nor did it make any political contributions to the Comptroller (or any other statewide elected official in New York). The Retirement Fund first invested in RREEF equities in 1986; since then RREEF (and individuals affiliated with the firm) have contributed nearly \$50,000 to the Support Committee (but still nothing to any other statewide candidate); RREEF has received approximately \$425,000 in investment-related fees.

¹⁶⁸ 42% of the contributions to Governor Cuomo and 40% of those to Attorney General Abrams, during the same time periods, came from readily identifiable interest groups. See, Appendix Three, Exhibit 1.

- * Forstmann Little and Company gave only \$1,000 in political contributions to the Support Committee prior to 1986 and its earned fees were approximately \$140,000. Since 1986, however, Forstmann Little and individuals affiliated with the firm have contributed nearly \$64,000 to the Support Committee and the firm has received approximately \$3.4 million dollars in fees from the Comptroller's office. The firm and its members do not contribute to any other New York statewide elected official.

- * Lord Abbett and Company, an equity management firm, contributed about \$5,000 to Regan prior to 1986; the fees received were about \$500,000. From 1986 to the present, however, Lord, Abbott and Company and affiliated individuals have contributed over \$75,000 to the Support Committee; during the same period the firm's investment-related fees received from the Comptroller's office exceeded one and a half million dollars. The firm does not contribute to other statewide officeholders in New York.

- * Corporate Property Investors, an equity real estate investment manager, reflects the pattern on a more modest level. The firm had contributed \$5,000 to Regan's Support Committee for the first time in 1985 and had as yet received no business; since then, CPI has contributed \$20,000 and earned nearly \$300,000 in investment-related fees. The firm contributes exclusively to Regan in New York.¹⁶⁹

- * Kohlberg, Kravis, Roberts, Inc. has been a steady supporter of Regan's campaigns, contributing over \$80,000 from 1984-1988. During the same period, the firm has received over \$2 million in investment related fees.¹⁷⁰

¹⁶⁹ Commissioner Meyer did not participate in discussions or deliberations concerning Corporate Property Investors, Inc.

¹⁷⁰ Chairman Feerick did not participate in discussions or deliberations concerning Kolberg, Kravis, Roberts, Inc.

Other firms which contribute exclusively to Regan in New York, and all of whom receive substantial business from the Comptroller's Office, include:

Alliance Capital Management Corporation
Capital Guardian Trust
Delaware Investment Advisors
Fiduciary Investment Corporation
Miller, Andersen & Sherred
Montgomery Securities
Seligman Securities

On occasion, strong contributors received business from the Comptroller's Office despite statements in the Advisory Committee minutes suggesting a lack of qualifications, or poor performance. The following are examples:

Equitable Investment Management. Equitable Investment Management, a Common Retirement Fund portfolio manager, made only one \$5,000 contribution to Regan, and received no fees from the Comptroller's Office, prior to fiscal 1986. Since then, however, Equitable has received approximately \$2.1 million in investment-related fees, and has contributed nearly \$30,000 to the Support Committee. During the February 28, 1986 Investment Advisory Committee¹⁷¹ meeting, Equitable was criticized as a "poor performer" and its possible dismissal was debated. Nine months later, during a November 21, 1986 IAC meeting, the Comptroller's staff disclosed that \$100 million in additional funds were to be allocated for management by Equitable. There had been no discussion of improved performance, but Equitable had contributed \$15,000 to the Support Committee on January 24, 1986 as well as \$5,000 on February 7, 1986 and \$1,000 on March 14, 1986. The firm made contributions of \$10,000 in June, 1987, and another \$9,000 in April, 1988. Although Equitable was again characterized as a "poor performer" during a February 18, 1988 IAC meeting, the firm received \$859,354 in investment-related fees in fiscal 1988.

Alliance Capital Management Corp. Alliance Capital has been a steady and generous contributor, giving \$5,000 per year in 1982, 1983, and 1985; \$20,000 in 1986, \$12,000 in 1987, and \$10,000 in 1988. During that time the firm received millions in investment management fees earned from managing pension fund assets. The fees rose steadily from just over \$1 million in fiscal year 1984 to almost \$1.9 million in fiscal year 1987. Despite a negative performance

¹⁷¹ Minutes, Investment Advisory Committee, February 28, 1986 at 2.

evaluation in early 1987,¹⁷² the firm continued to give sizable sums (\$12,000 and \$10,000) and to receive substantial business (over \$600,000 in fiscal 1988).

B. Fund-raisers Also Received Generous Business

Analysis of the contribution patterns of Support Committee members, as well as of the business their firms received from the Comptroller's Office, reveals that nearly sixty percent of Support Committee members or the firms with which they are affiliated receive discretionary business totalling millions of dollars from the Office of the Comptroller.¹⁷³ The following are the most prominent examples:

- * The former Treasurer of the Support Committee was Wilfred N. Meckel, Chairman of Seligman Securities, who served as treasurer until November, 1987. From 1982 to mid-1988 Seligman contributed approximately \$64,000 (\$40,000 after the 1985 Palumbo memo) to the Regan campaign effort.

During fiscal years 1984 through 1988, the firm received more than \$4 million in investment-related fees from the Comptroller's office. The minutes of the first Investment Advisory Committee meeting (February 18, 1988) after Meckel's resignation as Support Committee treasurer described Seligman's prior investment management as poor.

- * Stephen Robert, a Support Committee member, is a principal of the Oppenheimer Holding Company. Oppenheimer more than doubled the investment-related fees it received from the Comptroller's Office over a five-year period: from something over \$600,000 in fiscal '83-84 to nearly \$1.6 million in fiscal '87-88; over those years the total fees were approximately \$6 million. Oppenheimer's contributions over the same time period were in excess of \$46,000.

¹⁷² Minutes, Investment Advisory Committee, February 13, 1987.

¹⁷³ See fn. 147 above.

- * Frank Smeal, Robert N. Downey and Arthur B. Spector, all members of the Support Committee, are also principals of Goldman, Sachs and Company. Smeal has contributed \$28,500 to Regan since 1983; of that \$23,000 was given after the Palumbo memo. Spector has contributed \$6,500 after and none before; and Downey, \$500 before, \$6,000 after. Since 1982, Goldman has received over \$1 million in investment-related fees alone.¹⁷⁴
- * On December 13, 1985, the Mortgage Advisory Committee approved a \$45 million mortgage to a limited partnership in a deal brokered by Eastdil. Similarly, during a February 26, 1987 Mortgage Advisory Committee meeting, Deputy Comptroller John Hull announced that Eastdil had been retained to “handle problem loans” pursuant to a contract worth about \$100,000 per month. Benjamin V. Lambert, through his Eastdil-affiliated companies, is a steady supporter of the Comptroller; since 1984 he has contributed over \$75,000 to the Committee, and the memoranda of Palumbo and Hicks reflect his active involvement in efforts to solicit funds from other members of the real estate community.

VI. The Comptroller's Policies Concerning Fund-raising and the Award of Business

The Comptroller has repeatedly stated that no relationship exists between governmental decisions and political contributions. Testifying before this Commission¹⁷⁵, he responded to a question regarding his fund-raising credo:

¹⁷⁴ Goldman, Sachs also receives substantial fees as a broker-dealer for the Common Retirement Fund.

¹⁷⁵ Tr. Sept. 23, 1988, at 100.

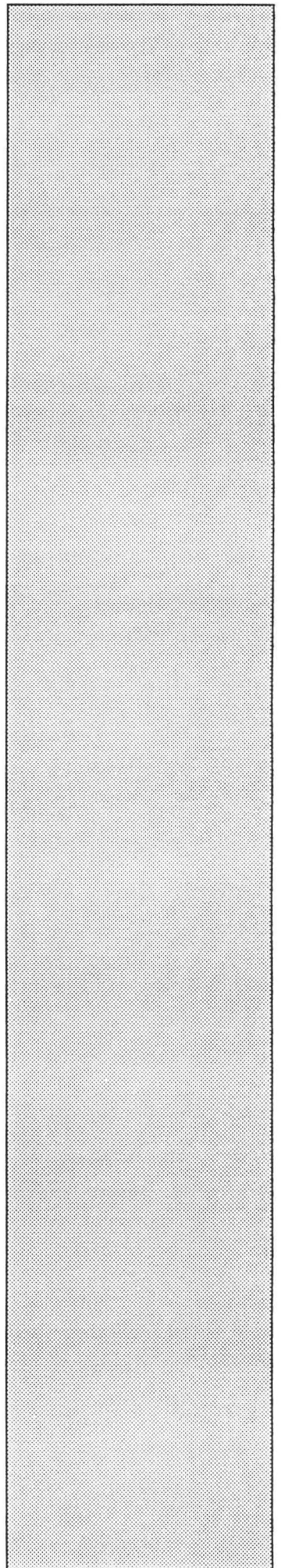
"It is, as I stated, to have the funds raised by an independent outside committee and to conduct our office, in the decisions, on the merits, and to keep these two activities separate."

Regan was unable to articulate any specific policies which he had adopted, or communicated to his Comptroller's Office or fund-raising staffs to implement this philosophy. He referred only to verbal instructions to his professional investment staff, to the effect that they must make all investment decisions strictly "on the merits."

In addition, Regan emphasized his own aversion to fund-raising in all its forms, especially as it necessitated his own involvement. He pointed to the many memoranda he received as expressing his staff's frustration with his detachment from the process, and his own unwillingness to solicit funds with the energy they wished. In effect, he said, the fund-raising was done by others, and he was not involved in directing their efforts.

Appendix One

**Public Hearings, Commission Reports, and
Computerized Campaign Finance Disclosure Statements
Concerning Campaign Finance**



Commission Reports, Public Hearings and Computerized Campaign Finance Disclosure Statements Concerning Campaign Finance

The following is a listing of reports, public hearings and computer printouts which comprise the publicly available work of the Commission, thus far, in the area of Campaign Finance. Copies of the reports, transcripts and computer printouts are available from the Commission.

Commission Reports

1. *Campaign Financing: Preliminary Report*, issued December 21, 1987.
2. *Campaign Finance Reform: The Public Perspective*, issued July 1988. (Results of a poll conducted for the Commission by Dresner, Sykes, Jordan & Townsend, Inc.)
3. *The Albany Money Machine: Campaign Financing for New York Legislative Races*, issued August 1988.
4. *Unfinished Business: Campaign Finance Reform in New York City*, issued September 28, 1988.

Public Hearings

1. October 21-23, 1987 in New York City and Buffalo. Forums on campaign financing with expert witnesses, including Dr. Herbert Alexander.
2. January 26, 1988 in Albany. Hearing on the Poughkeepsie Town Board election of 1985.
3. March 14-15, 1988, in New York City. Campaign Financing: Focusing on fund-raising practices of statewide and New York Citywide officeholders; received testimony from their fund-raisers and from large contributors.
4. June 20, 1988, in New York City. Campaign Financing, New York City: including testimony of Mayor Edward I. Koch, City Council President Andrew J. Stein, and Comptroller Harrison J. Goldin.
5. September 23, 1988, in New York City. Campaign Financing: New York State Comptroller Edward V. Regan's fund-raising practices.

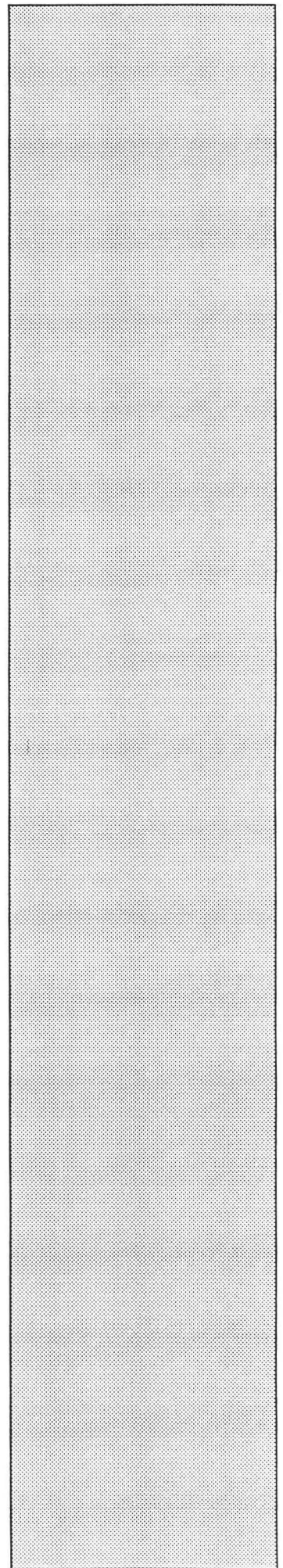
6. October 25, 1988, in New York City. Campaign Financing: Continuation of January 26, 1988 hearing into the 1985 Poughkeepsie Town Board Election -- emphasis on New York State Board of Elections investigation.
7. March 10, 1989, in Albany. Campaign Financing: New York Statewide Elected Officials' fund-raising practices; including testimony of Governor Mario M. Cuomo and Attorney General Robert Abrams.
8. March 17, 1989, in Albany. Campaign Financing: Fundraising Practices of New York State Legislators and Legislative Party Committees; including testimony of Senate Majority Leader Ralph Marino and Assembly Speaker Mel Miller.

Computerized Campaign Finance Disclosure Statements

1. *Statewide Officeholders* New York State: 1/83-1/88. Sorted alphabetically by contributor or alphabetically by contributor address.
2. *Citywide Officeholders* New York City: 1/83-1/88. Sorted alphabetically by contributor or alphabetically by contributor address.
3. *State Party Committees (Democratic)* New York State: 1/1/81-1/1/88. Sorted alphabetically by contributor.
4. *State Party Committees (Republican)* New York State: 12/7/81-1/1/88. Sorted alphabetically by contributor.
5. *Legislative Party Committees (Senate Democratic)* New York State: 11/29/82-2/11/88. Sorted alphabetically by contributor.
6. *Legislative Party Committees (Senate Republican)* New York State: 11/29/82-1/1/88. Sorted alphabetically by contributor.
7. *Legislative Party Committees (Assembly Democratic)* New York State: 11/29/82-3/4/88. Sorted alphabetically by contributor.
8. *Legislative Party Committees (Assembly Republican)* New York State: 11/30/82-3/11/88. Sorted alphabetically by contributor.
9. *Citywide Officeholders* - New York City, Update: 1/88-7/88. Sorted alphabetically by contributor.
10. *Borough Presidents* - New York City: 1/83-7/88. Sorted by Borough President, alphabetically by contributor.
11. *Legislators* - New York State Senators and Assemblymen: 1/85-7/88. Individual reports on each, sorted alphabetically by contributor.

Appendix Two

Commission's Recommended Contribution Limits



Commission's Recommended Contribution Limits

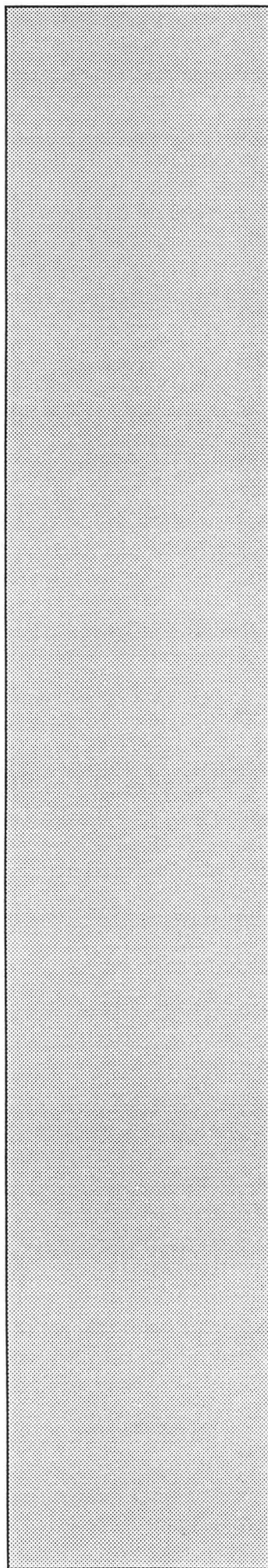
<u>Category of Contributor</u> <u>[Proposed Aggregate Limit]*</u>	<u>Recipient of</u> <u>Contribution</u>	<u>Proposed Limit</u>
1. Corporations, unions and anyone doing business with government.	<i>T O T A L L Y P R O H I B I T E D</i>	
2. Individual [\$25,000 per year]	Candidate for Statewide Office	\$2,500 - \$4,000 per election
	Candidate for Senate/Assembly	\$1,500 - \$2,000 per election
	Candidate for Local Office	Citywide Office, New York City: \$2,500 - 4,000 per election
		All other city/ county: \$1,000 - \$2,000 per election
		Town/Village/other: \$500 - \$1,000 per election
	PAC	\$1,500 - \$2,000 per year
	Party Committee	\$2,500 - \$4,000 per year

* Aggregate limit is the maximum any contributor can give per year for political purposes to all candidates, party committees and PACs.

Catergory of Contributor [Proposed Aggregate Limit]	Recipient of Contribution	Proposed Limit
3. PAC [\$10,000 - \$15,000 per year]	Candidate for Statewide Office	\$2,500 - \$4,000 per election
	Candidate for Senate/Assembly	\$1,500 - \$2,000 per election
	Candidate for Local Office	Citywide Office, New York City: \$2,500 - \$4,000 per election
		All other city/ county: \$1,000 - \$2,000 per election
		Town/Village/other: \$500 - \$1,000 per election
	Party Committee	\$5,000 per year
4. Party Committee [No aggregate limit]	Any Candidate	5 times limit on contribution from an individual
	Another Party Committee	Same as contribution from an individual to party committee
5. Individual Candidates' Committees [No aggregate limit]	Other Candidates	Same as contribution from an individual to that candidate
	Party Committees	Same as contribution from an individual to party committees

Appendix Three

Exhibits

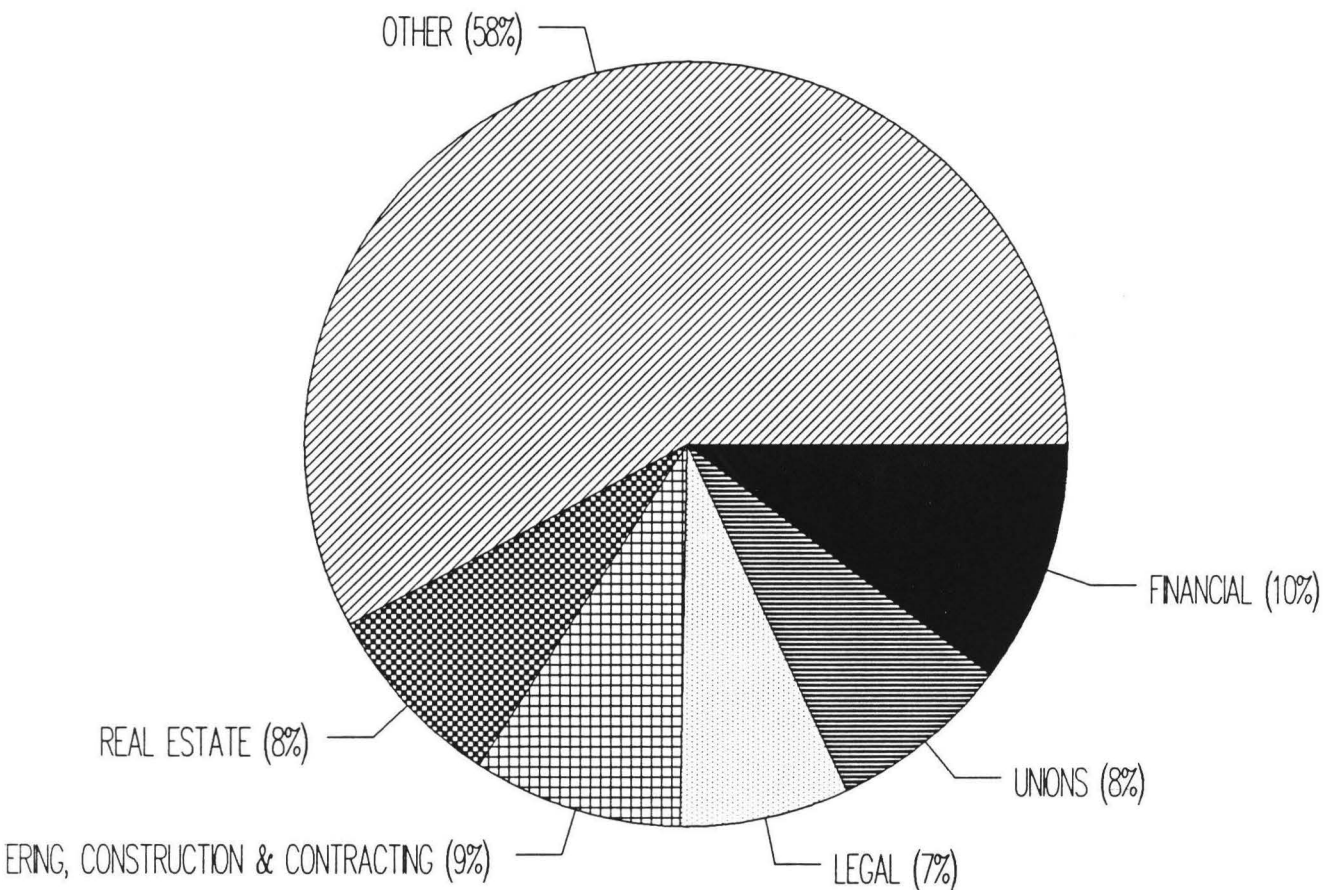


Mario M. Cuomo, Governor

1/15/83 - 1/15/89

Total Monetary Contributions
and Transfers In:*

\$ 9,377,000



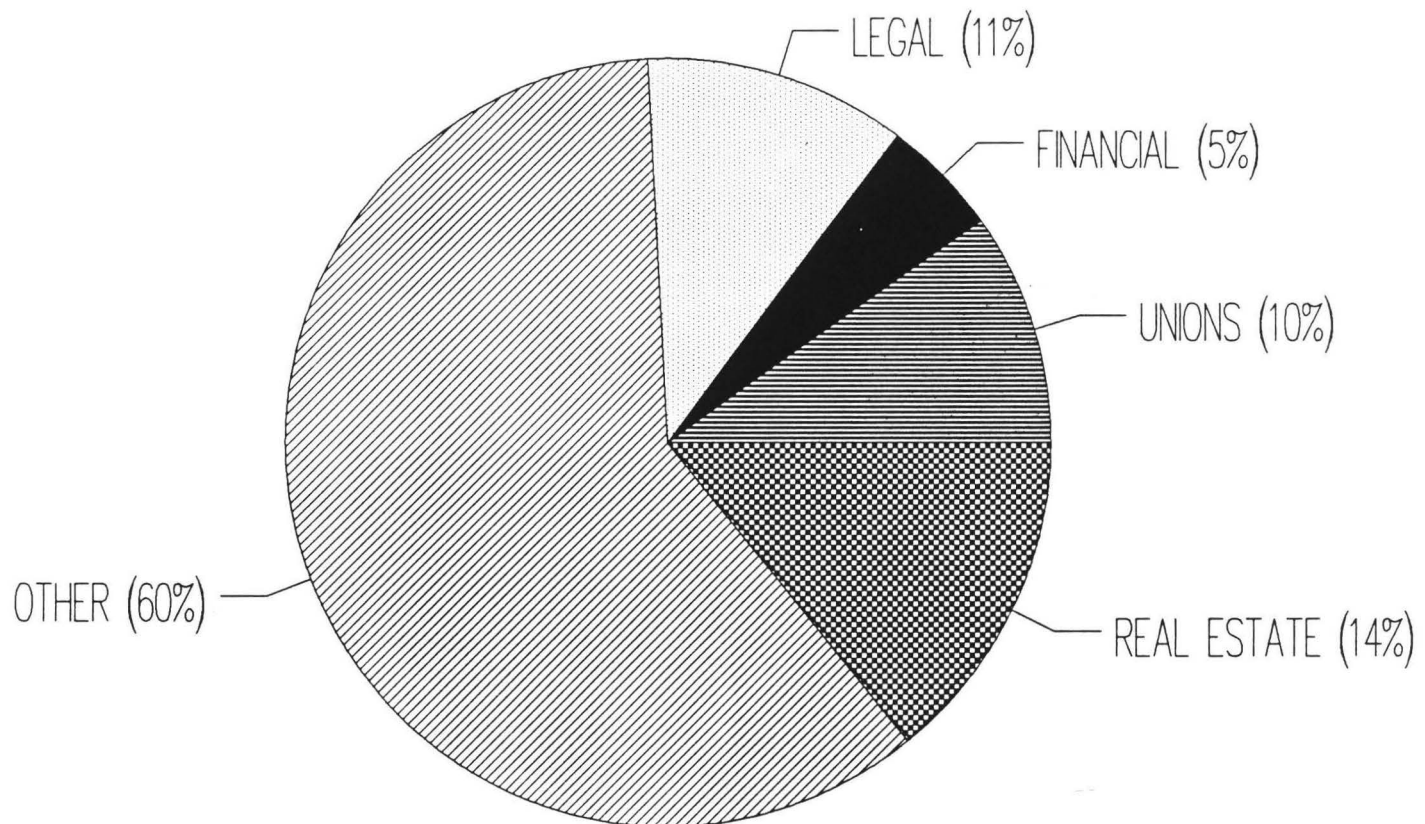
*Transfers or Contributions from Party Committees or Candidate Committees Not Included

Robert Abrams, Attorney General

1/12/83 - 1/11/89

Total Monetary Contributions
and Transfers In:*

\$ 2,527,000



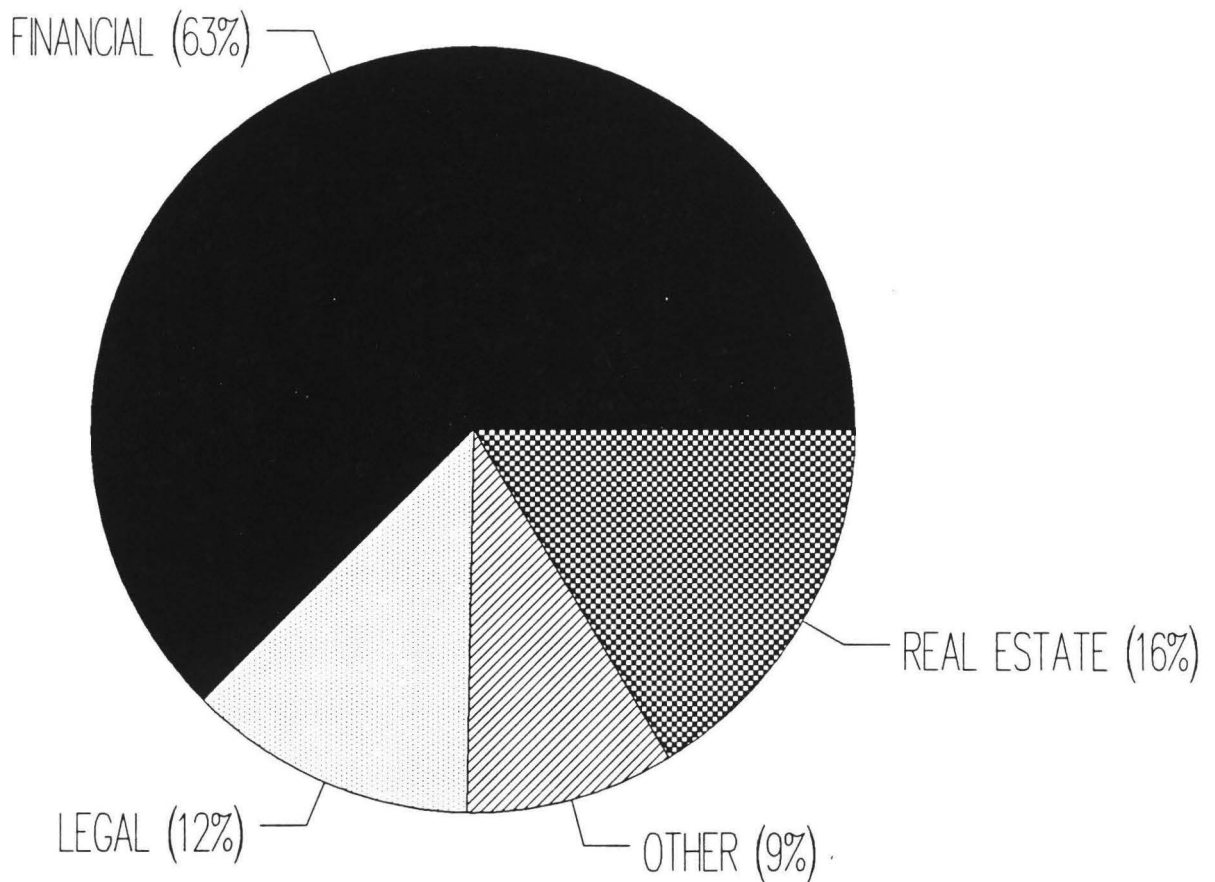
* Transfers or Contributions from Party Committees or Candidate Committees Not Included

Edward V. Regan, Comptroller

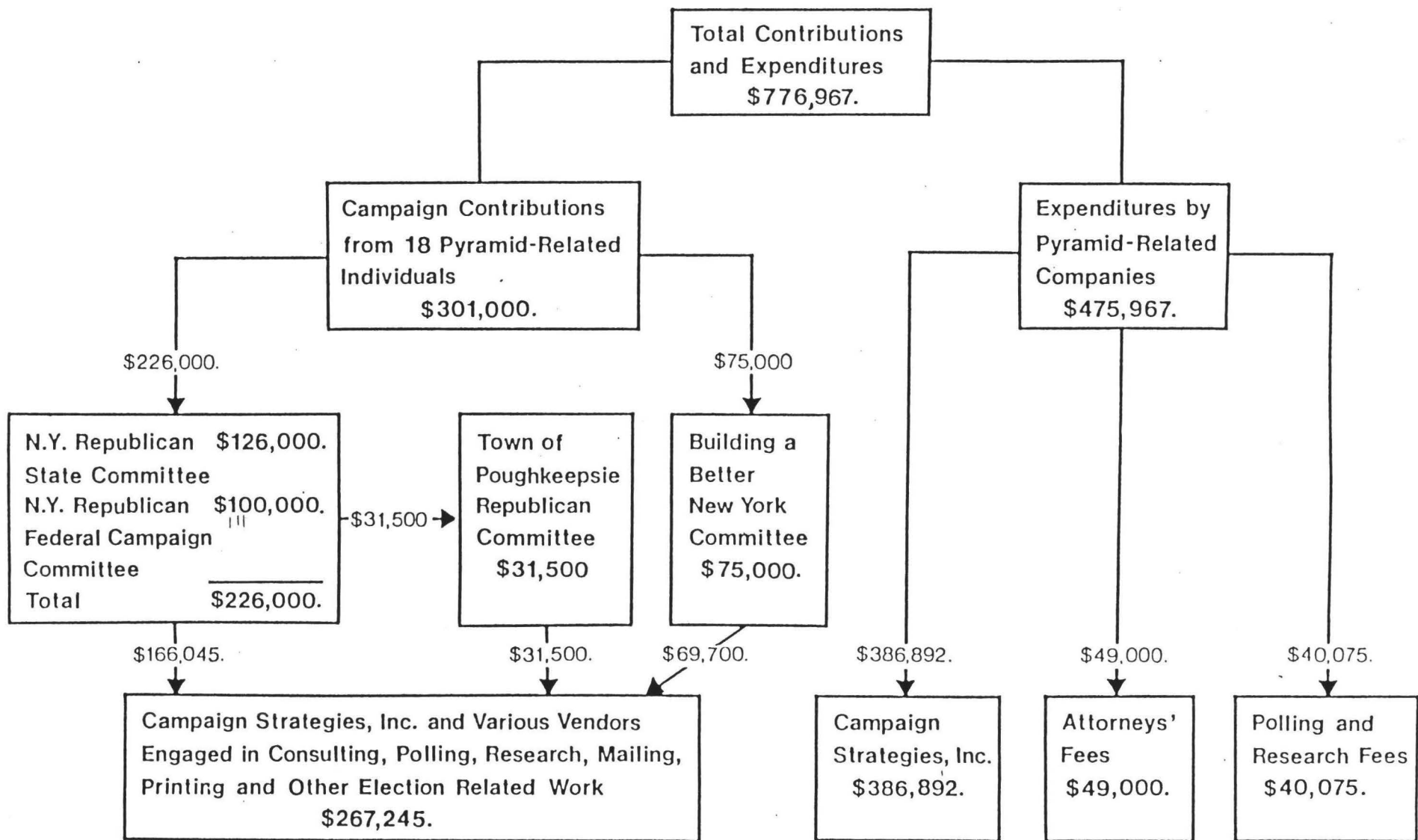
1/10/83 - 1/15/89

Total Monetary Contributions
and Transfers In:

\$ 3,801,000



Pyramid-Related Contributions and Expenditures for
the 1985 Town Board Elections and the Poughkeepsie Galleria



Total Expenditures Related to
the Town Board Elections: \$ 267,245.

Additional Expenditures Related to
Either the Town Board Elections or
the Poughkeepsie Galleria: \$ 475,967.

CAMPAIGN CONTRIBUTIONS (1986 and 1988 Election Campaigns)

RALPH MARINO

<u>DATES*</u>	<u>AMOUNT</u>	<u>PERCENTAGE VOTE IN ELECTION</u>
<u>1986 Election Campaign Cycle</u>		
Contributions received	\$ 63,900	62%
1/15/86 - 1/11/87		
<u>1988 Election Campaign Cycle</u>		
Contributions received	\$209,200	65%
1/12/88 - 1/11/89		

<u>CATEGORIES OF CONTRIBUTORS</u>	<u>1986 CYCLE</u>		<u>1988 CYCLE</u>	
PACs	\$22,527	35%	\$106,454	50%
Corporations & Associations (other than PACs)	\$15,900	24%	\$ 20,740	9%
Employee Organizations (other than PACs)	\$ 400	0%	\$ 640	0%
Other	<u>\$25,073</u>	<u>41%</u>	<u>\$ 81,366</u>	<u>41%</u>
TOTAL	\$63,900	100%	\$209,200	100%

* In June 1988, Majority Leader Warren Anderson announced his intention to retire at the end of the legislative session.

CAMPAIGN CONTRIBUTIONS (1984 and 1986 Election Campaigns)

MELVIN MILLER

<u>DATES*</u>	<u>AMOUNT</u>	<u>PERCENTAGE VOTE IN ELECTION</u>
<u>1984 Election Campaign Cycle</u>		
Contributions received	\$ 40,700	76%
1/14/84 - 7/12/85		
<u>1986 Election Campaign Cycle</u>		
Contributions received	\$ 82,700	83%
1/14/86 - 7/15/87		

<u>CATEGORIES OF CONTRIBUTORS</u>	<u>1984 CYCLE</u>		<u>1986 CYCLE</u>	
PACs	\$13,900	34%	\$32,805	39%
Corporations & Associations (other than PACs)	\$ 7,050	17%	\$13,650	16%
Employee Organizations (other than PACs)	\$ 4,100	10%	\$ 3,050	3%
Other	<u>\$15,650</u>	<u>39%</u>	<u>\$33,195</u>	<u>42%</u>
TOTAL	\$40,700	100%	\$82,700	100%

* In May 1986, Speaker of the Assembly Stanley Fink announced his intention to retire from the Assembly at the end of the legislative session.

M E M O R A N D U M

To : Governor Cuomo
From: Lucille Falcone
Re : November 20, 1984 Second Anniversary Celebration

In preparation for the next Celebration, I would like to proceed to form a Board of Advisors and a Dinner Committee. In addition, I suggest a General Mailing as soon as the computer printout is completed.

Board of Advisors of The Friends of Mario Cuomo

Attached is a list of prospective members and a copy of the proposed letter for your review. The "Board of Advisors" is actually a Finance Committee. I think that the type of people we are trying to attract will be more eager to serve if they feel that they are serving in an advisory, as well as a fundraising capacity. The Board will be a permanent group consisting of approximately 30-50 members meeting periodically. I have attempted to organize the Board on both a regional and industry basis. They will be encouraged to organize their industry or region as the case may be into sub-committees. Board members will be asked to raise a minimum of \$30,000.00 (three tables) for the November dinner.

Dinner Committee

Attached is a list of prospective members and a copy of the proposed letter. The Dinner Committee will consist of approximately 100 members organized solely for purposes of purchasing and/or selling tables for the November dinner. They will each be asked to commit to raising \$1,000.00 (one table) for the dinner.

Memo to: Governor Cuomo
From : Lucille Falcone
Re : November 20, 1984 Second Anniversary Celebration

General Mailing

Attached is a copy of the proposed solicitation letter to be sent to all persons on our mailing list, except for those invited to join either the Board of Advisors or Finance Committee.

All letters will be on "The Friends of Mario Cuomo Committee" letterhead under your signature, unless you suggest otherwise. I cleared this with Fabian. I would follow up after the mailing to provide details and explain the commitment requested of Board and Dinner members. I did not think it appropriate to provide these details in your letter.

Please advise if I should proceed.

Lucille Falcone

cc: Andrew Cuomo
Michael DelGiudice

August 7, 1984

*Let's go! But
we may suggest
language changes.*

Board of Advisors Letter
FOMC Letterhead

Dear (name):

In the 1982 New York gubernatorial campaign, the Republican candidate spent \$13.9 million, while my campaign ~~we~~ spent \$4.8 million, which means that we were outspent by more than three to one. We believe that the Republicans intend to spend even more money in the 1986 gubernatorial race, with some estimates ranging as high as \$25 million.

held ~~We believe we have already made a strong record of accomplishment for the State. There are more than 260,000 people of the State of New York, we must be prepared to meet this challenge. Of course, we need the assistance of friends, supporters and advisors who believe in our cause, and we must begin to prepare now.~~

~~In order to help meet the challenge,~~ we are forming a Board of Advisors of the Friends of Mario Cuomo Committee. This Board will consist of a small select group of individuals serving in an advisory capacity and providing fundraising assistance to the Committee and meeting periodically.

~~I invite you to join the Board of Advisors. If you feel that my continued public service is in the best interests of the State, I hope that you will join our team.~~

~~As that is not the case, we can work for the good of our entire State.~~ Kindly respond regarding your availability to serve to Lucille Falcone at (212) 686-1000. Thank you for your continued support.

Sincerely,

Mario M. Cuomo

*feel more confident
by now than they
was one:*

*people at
each man
state than
in 1982 and*

*Crimes
down
by - 7%
those and
shaking
figures are
studying
evidence
that are
program of*

*"Jobs and
Justice" is
working well,*

It is order to

*be able to continue to serve and to build on this record we
must somehow find a way to meet the challenge of
our opponents' wealth. To do that*

Dinner Committee Letter
FOMC Letterhead

Dear (name):

In the 1982 New York gubernatorial campaign, the Republican candidate spent \$13.9 million, while my campaign spent \$4.8 million which means that we were outspent by more than three to one. We believe that the Republicans intend to spend even more money in the 1986 gubernatorial race, with some estimates ranging as high as \$25 million.

In order to enable me to continue to serve the people of the State of New York, we must be prepared to meet this challenge. Of course, we can only accomplish this with the assistance of friends and supporters and we must begin to prepare now.

The Friends of Mario Cuomo Committee has scheduled our Second Anniversary Celebration for November 20, 1984. I invite you to join the Dinner Committee for this Celebration. If you feel that my continued public service is in the best interests of the State, I hope that you will join our team.

Kindly contact Lucille Falcone at (212) 686-1000 to advise of your availability to serve.

Thank you for your continued support.

Sincerely,

Mario M. Cuomo

CODEDESCRIPTION

AA	Bill Stein's list of \$5000+ givers
ABM	Robert Abrams list of \$500+
✓ AIA	Architects
AN	1st Anniversary
AN2	2nd Anniversary
ART	Art
ASS	Assembly - \$500+ contribution to Assembly Campaign Comm
✓ ATT	Attorneys
Bel	Carol Bellamy - \$500+
✓ BBQ	Business Bar-be-que 1984
✓ BB85	Business Bar-be-que 1985
✓ BNK	Banking
BOA	Board of Advisors
✓ BROK	Brokerage Houses
✓ BUF	Buffalo Area Contributors
BZL	Basil Patterson - \$500+
✓ CAR	Hugh Carey - \$500+
CBC	CBC Board (Bankers & RE)
CCH	County Chairs
CEL	Celebrities
✓ CONT	Contractors
✓ CPC	City Planning Commission <i>Consumer Protection</i>
CUM	Cuomo Contributors (General)
CUO	Mrs. Cuomo's Luncheons
DNC	Democratic National Committee (Members & Committees)
DOC	Doctors
✓ DS85	Dinner Committee Solicitation 1985
✓ EDU	Education
✓ ENG	Engineers
ENT	Entertainment
✓ FIN	Finance
FOR	Fortune 500 Companies
GG	General Givers - \$500+ contribution to 1982 General
✓ GEN	General Business
✓ GOL	Harrison Goldin \$500+
✓ HEN	Hennessey - List provided by Bill Hennessey
INA	Inauguration - <i>portion under \$500</i>
✓ INS	Insurance
ITL	Italians
K85	Koch 85 - \$500+ to Mayor's race
KD	1983 Koch Dinner \$500+
KOC	pre-1985 Koch \$500+ givers
LL	Labor Leaders
LEW	Lew Lehrman - \$500+ givers to 1982 campaign
✓ LUC	Lucille Falcone - list

M E M O R A N D U M

To : Governor Cuomo
From : Lucille Falcone
Re : Board of Advisors and Dinner Committee
of the Friends of Mario Cuomo.

After discussion with Michael DelGiudice and Phylliss Wagner, I suggest the following changes in the Board of Advisors and Dinner Committee lists previously submitted to you, copies of which are enclosed:

Transfer to Board of Advisors from Dinner Committee

(MD recommended)

✓ Albert Shanker
✓ John Gutfreund
✓ Penny Kaniclides
✓ Alfred Taubman
✓ A. Robert Towbin
✓ Edmund Pratt
✓ Lewis Rudin

Letters to the foregoing are enclosed for your signature, if you think that they are appropriate.

Add to Board of Advisors

✓ Marvin Traub	(Bloomingdale's - PCW recommended)
✓ Mr. Finkelstein	(Macy's - PCW recommended)
✓ Mrs. Irwin Kramer	(Daughter of Charles Allen, substitute in place of Irwin Kramer - PCW recommended)
✓ Thornton Bradshaw	(LF)
✓ Phillip Robinson	(LF)
✓ Arthur Hauspurg	(LF)

Remove from Board of Advisors

X Joseph Murphy	(MD)
X Irwin Kramer	(PCW) (no letter)

Memo to: Governor Cuomo
From : Lucille Falcone
Re : Board of Advisors and Dinner Committee
of the Friends of Mario Cuomo

Transfer to Dinner Committee from Board of Advisors

(MD recommended and PCW concurred)

X Kenneth C. Nichols
X Thomas M. Macioce
X Sal Gerbasi
X James Murphy
X John Sweeny
X Stella Saltonstall

Remove from Dinner Committee

Francis Barry	(MD recommended - he's being dropped from a commission)
James Ruth	(MD recommended)
Jorge Battista	(MD recommended)
Ronald Lauder	(PCW recommended)

Please note that Leon Hess, William Shea and George Klein are on the proposed Board of Advisors list and advise whether they are appropriate.

I also suggest that we invite everyone who attended the Business Barbecue to be on the Dinner Committee. A copy of the list is enclosed.

I would suggest that the Board of Advisors mailing and the General mailing be done immediately. Once the Board has been formed, I would do the Dinner Committee mailing. I would also suggest that the first meeting of the Board be a dinner meeting scheduled after Labor Day.

Also enclosed are copies of the revised letters for the Dinner Committee solicitation and the General mailing. I would recommend that you not sign the General mailing letter inasmuch as it will be sent to approximately 15,000 people. A decision must be made as to who should sign the letter.

Please advise whether the above is acceptable.

Lucille
Lucille Falcone

cc: Andrew Cuomo
Michael DelGiudice

August 21, 1984

Dinner Committee Letter
FOMC letterhead

In the 1982 New York gubernatorial campaign we were outspent by more than three to one: the Republican candidate spent \$13.9 million. We are told that the Republicans intend to spend even more money in the 1986 gubernatorial race, with some estimates ranging as high as \$25 million.

We believe we have already made a strong record of accomplishment for the State. There are more than 200,000 people at work in our State than in 1982 and crime is down by 9%. Those figures are striking evidence that our program of "Jobs and Justice" is working well.

In order to be able to continue to serve and to build on this record, we must somehow find a way to meet the challenge of our opponents' wealth. To do that we need the assistance of friends and supporters who believe in our cause.

The Friends of Mario Cuomo Committee has scheduled our Second Anniversary Celebration for November , 1984. I invite you to join the Dinner Committee for this Celebration. If you feel that my continued public service is in the best interests of the State, I hope that you will join our team.

Kindly contact Lucille Falcone at (212) 686-1000 to advise of your availability to serve.

Thank you for your continued support.

-Sincerely,

Mario M. Cuomo

General Mailing

Dear Friend:

In the 1982 New York gubernatorial campaign we were outspent by more than three to one: the Republican candidate spent \$13.9 million. We are told that the Republicans intend to spend even more money in the 1986 gubernatorial race, with some estimates ranging as high as \$25 million.

We believe we have already made a strong record of accomplishment for the State. There are more than 200,000 people at work in our State than in 1982 and crime is down by 9%. Those figures are striking evidence that our program of "Jobs and Justice" is working well.

In order to be able to continue to serve and to build on this record, we must somehow find a way to meet the challenge of our opponents' wealth. To do that we need the assistance of friends and supporters who believe in our cause.

The Friends of Mario Cuomo Committee has scheduled our Second Anniversary Celebration for November 20, 1984. I hope that you will be able to join us. You will receive a formal invitation shortly, however, if you would like to make a reservation, you may do so now.

Thank you for your continued support.

Sincerely,

Enclosure: RSVP card

BOARD OF ADVISORS

1.	Sol Chaikin	Union
2.	Morton Bahr	Union
3.	Edward Cleary	Union
4.	Abraham Schraeder	Garment (has raised money for Koch)
5.	Maurice Greenberg	Insurance
6.	Kenneth Nichols	Insurance
7.	Edgar Bronfman	Liquor
8.	H.I. Merinoff	Liquor
9.	Robert Milano	Racing
10.	Peggy Kumble	Racing
11.	William Beinecke	Environmentalist & Business (Sperry)
12.	John C. Bierwirth	Defense Contractors
13.	William Ferguson	Communications
14.	William Shea	Attorney
15.	Robert Wagner	Attorney
16.	Richard Albosta	Engineer (Ebasco)
17.	Harry Helmsley	Real Estate
18.	Irving Schneider	Real Estate
19.	Milton Petrie	Retailers
20.	Irwin Winkler	Entertainment
21.	James Nederlander	Theatre
22.	Gerald Schoenfeld	Theatre
23.	George Weissman	Business
24.	Alan Greenberg	Brokerage
25.	John Heimann	Brokerage
26.	John Creedon	Insurance
27.	Martin Segal	Cultural
28.	John Kluge	Business
29.	Robin Farkas	Retailer (Alexander's)
30.	Robert Kamarro	Retailer (A & S)
31.	Jack Rudin	Real Estate
32.	Robert Tisch	Business
33.	Leon Hess	Business
34.	Arthur Krim	
35.	Nate Landow	
36.	Sal Gerbasi	Nassau
37.	Bernie Picotte	Albany
38.	Robert Gioia	Buffalo
39.	Tom Wilmot	Rochester
40.	Herbert Allen	Business
41.	Arthur Emil	Real Estate
42.	George Klein	Real Estate
43.	John Sweeny	Union
44.	Thomas Murphy	Communications
45.	Donald Trump	Real Estate

Board of Advisors
Page Two

46. Leonard Lauder	Cosmetics
47. David Mahoney	Business
48. John Brademas	Universities
49. Cyrus Vance	Attorney
50. James Murphy	Bank
51. Peter Kiernan	Bank (Albany)
52. John McGillicuddy	Bank
53. John Reed	Bank
54. Sanford Weill	Broker
55. Walter Shipley	Bank
56. Donald Kendall	Beverage (Pepsico)
57. Hicks Waldron	Cosmetics (Avon)
58. Thomas M. Macioce	Retailers
59. Irwin Kramer	
60. John Tishman	Real Estate
61. Stella Saltonstall	
62. David A. Werblin	
63. William Kanaga	Accountant (Arthur Young & Co.)
64. Joseph Murphy	Universities

DINNER COMMITTEE

Vincent Albanese
Robert Arnow
Henry Benach
Arnold Biegen
Otto Bonadonna
Peter M. Brant
Victor Condello
Angelo Costanza
Lawrence Costiglio
Robert N. Downey --
Frank Drozak
Robert Ferdon
Bertram Firestone
Robert Foman ---
Joseph Giglio
Sheldon S. Goldstein
Victor Gotbaum
Donald J. Greene
John Gutfreund
Charles Harris
Gedale Horowitz
Michael Johnston
Penny Kaniclides
Mary Wells Lawrence
William A. Levin
Arthur Levitt, Jr.
Matthew Lifflander
David S. Mack
Earl I. Mack
William L. Mack
Richard Manney
John F.X. Mannion
Barry Marcus
William Mattison
William McGowan
William S. McSpedon
John Michaelson
Paul Milstein
Seymour Milstein
William Modell
Barney Monte
Joseph Monti
William Mulro
Matthew Nimetz
William O'Shaughnessy
Robert Parker
Leone Peters
Tony Peters
Lester Petracca

Dinner Committee
Page Two

Joseph Pinto
Vito J. Pitta
Lee Rizutto
Donald J. Robinson
J. Rousseau
Howard Rubenstein
Robert E. Rubin
Lewis Rudin
Bernard J. Ruggieri
James N. Ruth, Jr.
Jack Scheinkman
Melvin L. Schweitzer
Albert Shanker
James Sinclair
Richard Sirota
Larry Silverstein
James F. Smith
Michael P. Smith
Robert Spitzer
Gordon Stewart
Chester Straub
Joseph Talarico
Alfred Taubman
A. Robert Towbin
Harry VanArsdale
Dr. Howard Wagner
David Walentas
Alan Weiler
Jack Weiler
Jerry A. Weiss
Dale Scutti
Paul Westerkamp
John Zuccotti
Morton Kornreich
Daniel Rose
Ross Pepe
Stanley Steingut
Donald Blinken
Charles Montanti
Dick Fisher

Dinner Committee
Page Three

Leo Fallon
Harry Jacobs
Sam Le Frak
David Peirez
Marty Steadman
Ronald Stanton
Robert Brennan
Maurice Sonenberg
Tom Young
Lewis Glucksman
Angelo Giordani
Joseph Loveci
Al Roth
Michael Marx
Stephen Swid
Andrew Rosen
Ed Downes
Lou Rena Hammond
Joseph Flom
Michael Lazar
Edmund Pratt
Donald Platten
Abe Margolies
Evan Dobell
Frank Wilde
David Rubenstein
Miles Ruben
John Pomerantz
Gene Eidenberg
Malcolm Forbes
Louis Wolfson
Robert A. Farmer
William Ellinghaus
Sheldon Solow
Denny Phipps and Bancroft (NYRA)

Dinner Committee
Page Four

- * Mrs. Walter Shorenstein
- * Nina Rosenwald
- * Averill and Pamela Harriman
- * Martin Barell
- * Percy Sutton
- * Richard LeFrak
- * Jim Stanton
- * John Rosenwald
- * Ed Arrigoni
- * Francis Barry
- * Wellington Mara
- * George Steinbrenner
- * William Paley
- * Carter Burden
- * Edward Bennett Williams
- * Richard Gidrin
- * Alan Felingier
- * Joel Gersky
- * Hannan Komanoff
- * Sam Fredman
- * Neil Norry
- * Sam Edelman
- * Dick Wilson
- * Stanley Cohn
- * Laura Bonvigiani
- * Lou Swyer
- * John Trifaletti
- * Bernie Conners
- * Robert Milonzi
- * Leonard Stern
- * John Barry
- * Christina Tusi
- * Dr. Hugo Morales
- * Jorge Battista
- * Earl Graves
- * John Procoppe
- * Bruce Llwellyn
- * John Torres
- * Carlos Correa
- * Ron Brown
- * Bill Woodward
- * Tony Vallellella

* Recommended by Tony Burgos and Ellen Conovitz

Dinner Committee
Page Five

** Neil Austrian
** Richard Bliss
** Coy Eklund
** Joseph Delario
** Andrew Gurley
** Daniel Harman
** Michael Hernandez
** Richard Kezer
** Andrew Lanyi
** Natalie Lipman
** Morgan Murray
** Robert Rose
** Eryk Spektor
** Ed Steinberg
** C.G. Tharp
** James Wolfensohn
** Marion Ascoli
** Mr. and Mrs. Donald Everett Axinn.
** Stuart Beck
** Louis Bernard
** John Forma
** Marife Hernandez
** Judith Hernstadt
** Stephen Hopkins
** Peter Kalikow
** Jeffrey Koopersmith
** Isabelle Leeds
** Leland Maphail
** George McNamee
** Morton Olshan
** Ben Palumpo
** Louis Resnick
** Edwin Roer
** Stanley Smith
** Robert Sterling
** Joseph Watts
** Lawrence Wien
** Joan Axinn

** DNC

1 Mr. William C. Ferguson
NY Bell
P. O. Box 2945
New York, New York 10185

8 Mr. William A. Shea & Guest
Shea and Gould
330 Madison Avenue
New York, New York 10017

2 Mr. Delbert C. Staley
NYNEX
1095 Avenue of the Americas
New York, New York 10036

~~9 Mr. William Stern
108-37 71st Avenue
Forest Hills, NY 11375~~

3 Mr. Robin Farkas ---
Alexanders
4 World Trade Center
New York, New York 10048

10 Mr. Gordon Stewart & Guest
American Stock Exchange
86 Trinity Plaza
New York, New York 10006

::

5 Mr. Earl I. Mack & Guest
370 West Passaic Street
Rochelle Park, NJ 07662

~~11 Mr. & Mrs. Vincent Tese
130 East 74th Avenue
New York, New York 10021~~

6 Mr. William L. Mack & Guest
370 West Passaic Street
Rochelle Park, NJ 07662

12 Mr. Al Roth
Al Roth Bonds
50 West 34th Street
New York, New York 10001

7 Mr. and Mrs. Raymond Schuler
152 Washington Avenue
Albany, New York 12210

13 Ms. Ruth S. Elliott
One Park Avenue, Rm. 837
New York, New York 10016
GUEST: her son

14 Ms. Margaret C. McGarry
360 Lexington Avenue
New York, New York 10017

20 Mr. Gerald Shoenfeld
225 West 44th Street
New York, New York 10036

15 Ms. Lillian Giden
Suite 1515
230 Park Avenue
New York, New York 10169
GUEST: Dr. Penelope Russianoff

21 Mr. Arthur Hauspurg
Con Edison
4 Irving Place
New York, New York 10003

16 Mr. Manuel Bustelo
Publisher
El Diario-La Prensa
Gannett Company, Inc.
143 Varick Street
New York, New York 10013

22 Mr. Eugene Luntley
195 Montogue Street
Brooklyn, New York 11201
GUESTS: Mr. & Mrs. Robert Cattell

17 Mr. and Mrs. George B. Cox
Sr. Vice President
General Electric
One River Road
Schenectady, New York 12345

23 Mr. David A. Werblin
Madison Square Garden
2 Pennsylvania Plaza
New York, New York 10121

18 Mr. James Gifford
200 Madison Avenue, 3rd Floor
New York, New York 10016

24 Mr. Thornton Bradshaw
RCA
Rockefeller Plaza
New York, New York 10020

19 Mr. Edmund Pratt
Pfizer, Inc.
235 East 42nd Street
New York, New York 10017

25 Mr. Phillip Robinson
Procter & Gamble
5 Corporate Park Drive
White Plains, New York 10604

26 Mr. George McNamee, Jr.
President
First Albany Corporation
90 State Street
Albany, New York 12207

33 Mr. William Mulrou
Donaldson, Lufkin
& Jenrette, Inc.
140 Broadway
New York, New York 10005
GUEST: Teddy Strane

27 Mr. Joseph Allen & Guest
P. O. Box 3443
Greenwich, CT 06830

34 Mr. George Weissman & Guest
Philip Morris
120 Park Avenue
New York, New York 10017

28 Mr. and Mrs. Donald Bachmann
Bachmann, Schwartz & Abramson
2 Park Avenue
New York, New York 10016
GUEST: Harriet

36 Mr. & Mrs. A. Costenza
275 Hibiscus Drive
Rochester, New York 14618

29 Mr. Jack Carroll
Grumman Corp.
1111 Stewart Avenue
Bethpage, New York 11714
GUEST: Maura Carroll

38 Mr. & Mrs. Barney Monte
245-20 Grand Central Parkway
Bellerose, New York 11426

30 Mr. Robert N. Downey
Goldman Sachs
85 Broad Street, 26th Floor
New York, New York 10004
GUEST: John Melvin

39 Mr. & Mrs. Lester Petracca
18 Borghum Road
Manhasset, New York 11030

31 Mr. & Mrs. Sheldon S. Goldstein
17 Bon Aire Circle
Suffern, New York 10901

40 Mr. Joseph Pinto & Guest
Manuel, Elken Company
419 Park Avenue, South
New York, New York 10016

43 Mr. & Mrs. Melvin Schweitzer
Rogers and Wells
200 Park Avenue
New York, New York 10016

49 Mr. Victor Condello
and Guest
27 Woodland Drive
Huntington Bay, NY 11713

44 Mr. & Mrs. Richard Sirota
Kwik International Color Ltd.
11 8th Avenue
New York, New York 10011

50 Ms. Alice Byrne
Ambassador Investigations Inc.
554 Argyle Road
Brooklyn, New York 11230

45 Mr. Robert Spitzer & Guest
1700 Broadway
New York, New York 10019

51 Ms. Phyllis Linn
Fine Art Advisory Services
165 East 66th Street
New York, New York 10021

46 Mr. Lou Rena Hammond
39 East 51st Street
New York, New York 10022

52 Ms. Jill Feldman
Jill Feldman, CPA
Apt. 1403
270 Madison Avenue
New York, New York 10016

47 Ms. Peg Sweazy
JFK International Airport
Jamaica, New York 11432

53 Ms. Lillian Firestone
Firestone Associates
1365 York Avenue
New York, New York 10021
GUEST: Frances Smedberg

48 Mr. Angelo Giordani
210 East 86th Street
New York, New York 10028

54 Ms. Lisa Kolb Liebert
Attorney-at-Law
277 Broadway, Suite 1506
New York, New York 10007
GUEST: Solomon Levine

55 Ms. Cecile C. Weich
Attorney-at-Law
One Riverdale Avenue
Bronx, New York 10463

61 Ms. Joan Lipton
485 Lexington Avenue
New York, New York 10017
GUEST: Norton Wolf

56 Ms. Doris Gilman
Fingerprints Design
77 West 15th Street
New York, New York 10011
GUEST: Belina Caulfield

62 Mr. Robert Wagner, Sr.
Finley, Kumble, Wagner,
Heine and Underberg
425 Park Avenue
New York, New York 10022

57 Ms. Carol Bensky
Women Business Owners
of New York
322 Eighth Avenue, 12th Flr.
New York, New York 10001
GUEST: Terri Bensky

63 Mr. Robert Gioia
36 Ramsey Road
Buffalo, New York 14029

58 Ms. Tamara K. Homer
485 Lexington Avenue
New York, New York 10017

65 President David Campbell
Computer Task Group, Inc.
800 Delaware Avenue
Buffalo, New York 14209
GUEST: Gay Campbell

59 Ms. Phyllis F. Schwebel
First Vice President
Time Magazine
Room 11-30
Time & Life Building
New York, New York 10020

66 Ms. Susan Deutsch & Guest
Paine Webber
140 Broadway
New York, New York 10005

60 Ms. Anne P. Collins
41 East 42nd Street, Rm. 400
New York, New York 10017

67 Ms. Sandra Kurtin
369 Lexington Avenue
New York, New York 10017

68 Ms. Marybeth Lareau
875 Third Avenue
New York, New York 10022

77 Mr. & Mrs. Paul Lai
Jack's Chinese Restaurant
1881 Central Avenue
Albany, New York 12205

70 Mr. & Mrs. Malcolm Forbes
Forbes Magazine
60 Fifth Avenue
New York, New York 10011

82 Mr. Robert Greenbaum
& Guest
Breed Abbott & Morgan
153 East 53rd Street
New York, New York 10022

72 Mr. & Mrs. Bernard Picotte
Picotte Realty
120 Washington Avenue
Albany, New York 12210

83 Mr. Robert Cammara & Guest
420 Fulton Street
Brooklyn, New York 11201

73 Mr. Michael Picotte
& Guest
Picotte Realty
120 Washington Avenue
Albany, New York 12210

84 Dr. Robert Matrisiano
133-55 Lefferts Blvd.
S. Ozone Park, NY 11420

74 Mr. John Picotte
Picotte Realty
120 Washington Avenue
Albany, New York 12210

85 Mr. Peter M. Brant
White Birch Farm
Taconic Road
Greenwich, Connecticut 06030

76 Mr. & Mrs. Edmond Safra
Republic National Bank
452 5th Ave., 9th Floor
New York, New York 10018

86 Mr. and Mrs. James Conway
American Express Company
American Express Plaza
New York, New York 10004

87 Mr. Dale Horowitz
Salomon Brothers, Inc.
One New York Plaza
New York, New York 10004

94 Mr. Bernand Jacobs
225 West 44th Street
New York, New York 10036

89 Ms. Jewel Jackson McCabe
10 East 87th Street
New York, New York 10028

95 Ms. Jewel Jackson McCabe
President
National Coalition of
100 Black Women
10 East 87th Street
New York, New York 10028

90 Mr. Peter M. Brant & Guest
White Birch Farm
Taconic Road
Greenwich, CT 06830

96 Mr. John Michaelson & Guest
First Boston Corp.
Park Avenue Plaza
New York, New York 10007

91 Mr. Edward K. Flynn & Guest
E. F. Hutton Group, Inc.
One Battery Park Plaza
New York, New York 10015

97 Mr. William O'Shaughnessy & Guest
c/o WVOX - Return Radio
One Broadcast Forum
New Rochelle, New York 10801

92 Mr. Patrick Foley
American International Group
70 Pine Street
New York, New York 10004

98 Mr. & Mrs. James Conway
American Express Company
American Express Plaza
New York, New York 10004

93 Mr. Gedale Horowitz & Guest
Salomon Brothers, Inc.
One New York Plaza
New York, New York 10009

99 Mr. Harvey Sabinson
226 West 47th Street
New York, New York 10036

Person/Organization	Organization	Street	City	STATE	Zip	Phone	IDAM	THRU *	DOT *	FOMC **	SDC **
Anthony, Edwin		474 Warren Avenue	Rochester	NY	14618		629.00				
Anthony, Edwin	Anthony Erdman Assoc PC	P O Box 9589	Rochester	NY	14604		29033.00	X	X	X	X
Ball, Ihsan	DeLeuw, Cather & Company of New York, Inc.	42 Broadway	New York	NY	10004	212-422-6858	71853.00	X	X	X	X
Barbanel, Geraldine	Sidney W. Barbanel Consulting Engineers	2915 Queens Plaza North	Long Island City	NY	11101	718-786-1645	88140.00				
Birdsall, Blair	Steinman, Boynton, Gronquist & Birdsall	23 Cressident Bend	Allendale	NJ	07401	212-483-8100	72154.00	X	X	X	
Boswell, Edward	Boswell Engineering	330 Milllpps Ave.	South Hackensack	NJ	07606	201-641-0770	71980.00	X	X	X	
Boswell, David	Boswell Engineering Co.	78 Mt. Vernon Street	Ridgefield Park	NJ	07660		71983.00				
Brant, Austin	Tippett-Abbott-McCarthy-Strat	655 Third Ave.	New York	NY	10017	212-867-1777	71932.00	X	X	X	
Butler, Roger	Butler & Evans PC	244 Fifth Avenue	New York	NY	10001	212-696-0770	38870.00			X	
Callender, LeRoy	LeRoy Callender, P.C.	236 West 26th Street	New York	NY	10001	212-989-2900	2204.00	X	X	X	X
Caywood, James	De Leuw Cather & Co	1133 15 St., NW	Washington	DC	20005	202-232-0000	29936.00	X	X	X	X
Cesare, Julius	Baldwin & Cornelius, P. C.	RD6 Rt. 22	Brewster	NY	10503	914-279-7115	71807.00	X	X	X	X
Cohen, Edward	Amann & Whitney	96 Morton Street	New York	NY	10014	212-627-1190	3079.00	X	X	X	X
Connell, Francis	Mc Farland Johnson Engineers Inc	171 Front Street	Binghamton	NY	13905		29037.00	X	X	X	X
Cosentini Assoc.	Cosentini Assoc.	2 Pennsylvania Plaza	New York	NY	10001	212-564-7200	72560.00			X	
Crotty, James	Calocerinos & Spina	1828 Seventh North St.	Liverpool	NY	13008	315-457-6711	87020.00	X	X	X	X
DiMatteo, Louis	Baldwin & Cornelius, P. C.	Coon Hollow Road	Huntington	NY	11743	516-349-8440	71806.00	X	X	X	
Dyckman, William		1 Penn Plaza	Peekskill	NY	10919	212-613-5004	72247.00			X	
Eldon, Ethan	Ethan C Eldon Associates Inc	48 Cutter Mill Rd.	Great Neck	NY	11021	516-466-6800	72082.00			X	
Elken, Manuel	Manuel Elken Co., PC	419 Park Avenue South	New York	NY	10016	212-889-5321	72175.00	X	X	X	X
Engineers Voluntary State Pac	Engineers Voluntary State Pac	127 E Glen Avenue	Syracuse	NY	13205		45184.00			X	
Envirodyne Engineers of NY	Envirodyne Engineers of NY Inc	144 E. 44th St., 3rd Flr.	New York	NY	10017	212-682-6340	27353.00	X	X	X	X
Eugene D., Jones		P.O. Box 426 Westport Rd.	Wilson	CT	06097	518-459-1384	72249.00	X		X	
Evans, Bernard		185 Berrywood Dr.	Severna Park	MD	21146	301-577-4044	71046.00			X	
Fox, Vincent		85 Princeton St.	Garden City	NY	11538	516-352-3566	71504.00	X	X	X	
Frankfurt, Daniel	Daniel Frankfurt, PC	800 2nd Ave.	New York	NY	10017	212-696-1800	72143.00			X	
Gage, James	RM Group	27 Union Square West	New York	NY	10003	212-741-0000	72144.00	X	X	X	X
Gaffano, Luke	Shah Associates PC.	1118 Meadowbrook Road	Merrick	NY		516-232-0314	72170.00	X	X	X	X
Garney, Andre	United Fire & General Insurance Co	127 John St	New York	NY	10038	212-425-1000	27252.00				
Gavaris, Peter	King & Gavaris Consulting Eng	158 W. 29th 10th Flr.	New York	NY	10001	212-564-3660	8004.00		X	X	
Greenbaum, Daniel	Vollmer Associates	18 West 28th Street	New York	NY	10011	212-691-3000	72350.00	X	X	X	X
Haber, Bernard	Hardesty & Hanover	1501 Broadway	New York	NY	10036	212-944-1150	72963.00	X	X	X	X
Harbour, William	Clough, Harbour & Associates	24 Aviation Rd.	Albany	NY	12205	518-458-7735	71049.00	X	X	X	X
Heimbuch, Raymond	Clarke & Rapuano	215 Lexington Avenue	New York	NY	10016	212-725-2121	71746.00		X	X	
Heimbuch, Raymond		16 Idar Court	Greenwich	CT	06030	212-725-2121	71920.00		X	X	
Iffland, Jerome	Iffland, Kavanagh, Waterbury, P.C.	1501 Broadway	New York	NY	10036	212-944-2000	71953.00		X	X	
Jackson, Maclo	Ewell W. Finley & Partners	34-18 Northern Blvd.	Long Island City	NY	11101	212-686-8161	72011.00	X	X	X	X
Jenal, Joseph	Bogen Johnston Lau & Jenal P. C.	1225 Franklin Avenue	Garden City	NY	11538	516-741-2222	72548.00			X	
John J. Kassner	John J. Kassner	6 Ohio Dr.	Lake Success	NY	11042	516-328-3600	72122.00	X	X	X	
Jones, Eugene	Cahn Engineers	P.O. Box 416 Westport Rd.	Wilson	CT	06097	518-459-1384	72072.00	X		X	
Rinley, Raymond	Clough, Harbour & Associates	24 Aviation Rd.	Albany	NY	12205	518-458-7735	71050.00	X	X	X	
Konski, James	Konski Engineers, P.C.	727 North Salina St.	Syracuse	NY	13208	315-471-2101	70190.00		X	X	
Koshar, Louis	Pavlo Engineers	469 Seventh Avenue	New York	NY		212-239-8250	71772.00	X	X	X	X
Lane, Lawrence		333 William III Blvd	Garden City South	NY	11538	516-483-6795	9272.00	X	X	X	

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COMMISSION ANALYSIS

* Contracts entered, 1984-87

** Contributions, 1982-87

Names and Telephone Numbers

Person/Organization	Organization	Street	City	STATE	Zip	Phone	ID#	THRU*	DOT*	FOMC**	SDC**
Lehman, Lawrence	Berger Lehman Associates Inc	411 Theodore Fremd Ave	Rye	NY	10580	914-967-5000	35314.00	X	X	X	X
Lichtenstein, Abba	A.G. Lichtenstein	21 W. 38th St.	New York	NY	10018	212-398-0000	71876.00	X	X	X	X
Liu, H.P. Terrol	Michael Baker Jr. of New York Inc.	400 Executive Blvd.	Elmsford	NY	10523	212-863-5260	71843.00			X	
Loring, Joseph	Joseph R Loring & Associates Inc	1 Pennsylvania Plaza	New York	NY	10001		29032.00	X		X	X
Malzner, Bruce A.	King & Gavaris Consulting Engrs Inc	158/160 W. 29 St., 10 Flr	New York	NY	10001	212-564-3660	27473.00		X	X	
Mazza, Peter	PRC Harris	300 E 42 St	New York	NY	10017		13257.00	X	X		X
McNard, Patrick	Tippett-Abbott-McCarthy-Strat	655 Third Ave	New York	NY	10017	212-867-1777	71933.00	X	X	X	
Meyer, Fred	Carman-Dunne, P. C.	Two Lakeview Avenue	Lynbrook	NY	11563	516-599-5563	71722.00		X	X	X
Miele, Joel	NY State Society of Prof Engrs	PO Box 109	Mineola	NY	11501		11960.00				
Morrison Knudsen Company, U'Brien and Gere Engineers	Morrison Knudsen Company, Inc.	800 2nd Avenue	New York	NY	10017	212-661-5550	71861.00			X	X
U'Meill, Thomas	U'Brien and Gere Engineers Inc	PO Box 1873	Syracuse	NY	13221		12274.00				
	Lester B. Knight & Associates, Inc.	549 W. Randolph St.	Chicago	IL	60606		72343.00	X		X	X
Pedersen, Herbert	Greenman Pedersen Assoc PC	325 W Main St	Babylon	NY	11702	516-422-5500	27232.00	X	X	X	X
Pierce, Jan	Communications Workers of America	80 Pine Street, 37th Flr	New York	NY	10005	212-344-2515	73159.00			X	
Pinto, Joseph	Manuel Elken Company	419 Park Avenue South	New York	NY	10016	212-809-5321	73160.00	X	X	X	
Podwal, Bruce	Parsons, Brinkertoff, Quade & Douglas, Inc.	1 Pennsylvania Plaza	New York	NY	10019	212-613-5000	71908.00	X	X	X	X
Puglisi, Anthony	Goodkind & O'Dea	20 Bonaire Dr.	Dix Hills	NY	11746	212-505-8590	72196.00	X	X	X	X
Puglisi, Anthony	NYCO Engineering	287 Northern Blvd	Great Neck	NY	11021		72214.00			X	
Rosenstein, Irwin	URS Company	1 Penn Plaza Room 610	New York	NY	10019	212-736-4444	73201.00	X	X	X	X
Satoshi, Dishi	Edwards and Kelcey Engineers	53 Park Place	New York	NY	10007	212-619-5300	87017.00		X	X	
Servedio, Dowlrick		68 Dix Highway	Dix Hills	NY	11746	516-667-6014	72642.00			X	
Shah, Halvar	Shah Associates	1180 Meadowbrook Rd.	Merrick	NY	11566	516-292-0314	15007.00	X	X	X	
Smith, Bruce	Charles H. Sells, Inc.	550 North Bedford Rd.	Bedford Hills	NY	10507	914-241-4914	40070.00	X	X	X	X
Smith, Donald	Andrews and Clark, Inc.	49 West 37th Street	New York	NY	10018	212-869-7000	71869.00	X	X	X	X
Stetson, John	Stetson-Dale Engineering Company	185 Genesee Street	Utica	NY	13501	315-797-5000	71004.00	X	X	X	X
Trinidad, A.A.	Andrews and Clark, Inc.	49 West 37th Street	New York	NY	10018	212-867-7000	71870.00	X	X	X	
Vollmer, Arnold	Vollmer Associates	11 W. 19 St.	New York	NY	10011	212-691-3000	72032.00	X	X	X	X
Weissluck, Donald	Snerdrup & Parcel Assoc Inc	1250 Broadway	NYC	NY	10001		25000.00				
Willmott, Minard		545 Nagle Street	Ridgewood	NJ	07450		17062.00			X	

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COMMISSION ANALYSIS

* Contracts entered, 1984-87

** Contributions, 1982-87

LAWRENCE B. BUTTENWIESER
575 MADISON AVENUE
NEW YORK 10022

March 4, 1987

Mr. Lewis Rudin
345 Park Avenue
New York, New York 10054

Dear Lew:

As a supplement to our recent telephone conversation:

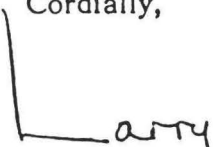
1. I enclose with this letter a copy of the Financial Disclosure Statement of Citizens for Abrams for the period ended January 14, 1987, which shows a cash balance at the end of that period of \$22,500 and loans outstanding at the end of that period of \$113,000. The present "deficit" has been reduced by \$5,000 and is now about \$85,000.

2. The policy of the Campaign about contributions from individuals with an interest in a Plan within the office of the Attorney General is not to accept a contribution from any individual with an interest in a Plan which has not been accepted for filing. I am informed that the Plan for 65 Central Park West has been accepted for filing and accordingly you are not hindered by the constraints of the Campaign from making a contribution to the Campaign.

I hope that this enclosure and this information may be a useful supplement to our conversation.

Best regards,

Cordially,


Lawrence B. Buttenwieser
Finance Chairman
Citizens for Abrams

LBB:btb
Encls.

bcc: Hon. Robert Abrams
Leonard Boxer, Esq.
Mr. Ethan Geto
Ms. Laura Ross

September 1, 1987

From the desk of:

LAWRENCE B. BUTTENWIESER

To:

RA
LB
EG
LR

Here is my version
of the "Balance Sheet"
of Citizens for Abrams
as at September 1,
1987.

LBB

=

CITIZENS FOR ABRAMS

September 1, 1987

I. Liabilities

Sterling National Bank	<u>\$58,000</u>
Guarantors: 1. Howard Schulder	44,000
2. Jacob Schulder	<u>14,000</u>
	<u>58,000</u>

II. Assets:

(a) Cash on hand	1,000
(b) Labor	10,000
(c) Pledges (net)	52,500
(d) Contemplations	<u>5,000</u>
	<u>68,500</u>

<u>Pledgor</u>	<u>Amount Pledged</u>	<u>Haircut</u>	<u>Person responsible for collection</u>
Henry Benach	8,000		RA
Arthur G. Cohen	15,000		EG
Samuel M. Eisenstat	7,500	5,000	EG
Jerry Finklestein	5,000		EG
Peter Fischbein	6,000		EG
Abraham Hirschfeld	5,000	5,000	RA
Jones, Day (Arthur D. Emil)	5,000		EG
Norman Levy	5,000	2,500	EG
Alexander Parker	10,000	5,000	EG
Lester Pollack	10,000	7,500	RA
Lewis Rudin	5,000	5,000	RA
Melvin L. Schweitzer	<u>1,000</u>	<u> </u>	EG
	<u>82,500</u>	<u>30,000</u>	
Gross	82,500		
	<u>-30,000</u>		
Net	<u>52,500</u>		

<u>Contemplator prospect</u>	<u>Amount anticipated</u>	<u>Person responsible for collection</u>
William Zeckendorf	<u>5,000</u>	LB
	<u>5,000</u>	

Geto & deMilly Inc.

Public Relations
Governmental Affairs
Political Consulting

June 4, 1987

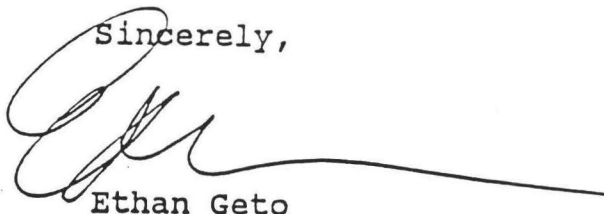
Mr. Lawrence B. Bittenwieser
Rosenman Colin Freund
Lewis & Cohen
575 Madison Avenue
New York, New York 10022

Dear Larry:

In your memo of May 28, 1987, you designated me as the person responsible for following up with Lew Rudin. This is not the case--Bob was going to follow-up personally.

With warmest regards.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Ethan Geto', with a long horizontal flourish extending to the right.

Ethan Geto

dl

bcc: Hon. Robert Abrams
Laura Ross

2.19/bittenwieser



STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N. Y. 10047

ROBERT ABRAMS
ATTORNEY GENERAL

December 12, 1984

Mr. Frank Wilkinson
Managing Director
Donaldson, Lufkin & Jenrette
140 Broadway 36th floor
New York, NY 10005

Dear Frank:

Rather than discuss with you a wide range of topics and send clippings relating to those subjects, I thought I would focus on a single important subject: crime. As you know, I have made a major commitment over the past two years to working with my colleagues in the law enforcement community to develop responsible reforms in our flawed criminal justice system. We have been successful beyond our most optimistic expectations in gaining support for and implementation of many of these critical changes. I want to take this opportunity to share the story of this success with you and to get your comments and advice -- especially regarding the important adjustments which still need to be made.

Two years ago, I exercised leadership in forming a unique organization, the New York State Law Enforcement Council. The LEC is made up of the Attorney General's Office, the New York State District Attorneys Association, the New York State Association of Chiefs of Police, the New York State Sheriffs Association, The City of New York's Criminal Justice Coordinator and the Citizens Crime Commission of New York City. We agreed on major initiatives to strengthen the criminal justice system and to help reduce crime in New York State. Because they represented a consensus of the state's entire law enforcement community, our initiatives offered a cogent and broadly acceptable plan of action in an area where programmatic, jurisdictional and ideological differences had frequently stymied efforts to achieve badly needed reforms. As a result, during 1983 and 1984, the Legislature and the Governor adopted major components of the LEC program. These included:

* A tough asset forfeiture law, under which the state can seize property used to commit felony crimes, the proceeds of such crimes, and other assets exchanged for the ill-gotten fruits of such crimes. This is a powerful new tool in the fight against sophisticated organized crime -- in particular narcotics trafficking -- and white collar crime.

* A change in the insanity defense. The revised law now places the burden of proving a lack of criminal responsibility on the defendant in a criminal trial.

* The establishment of determinate sentencing. The Legislature created a special State Sentencing Guidelines Committee to propose a system whereby sentences will be fixed by the courts and not by the Parole Board.

* A reclassification of certain less serious misdemeanor crimes to permit non-jury trials in such matters. This will help clear up the near-disastrous calendar backlogs in our criminal courts.

* Tougher handling of drunk drivers who cause injury or death and are found criminally negligent.

Among other LEC proposals adopted were those which raise the penalties for bail jumping; increase the maximum time in prison that can be served by a person convicted of more than one unrelated felony and sentenced to consecutive terms; permit for the first time the indictment and trial together of defendants who participated in the same criminal incident but committed different crimes; bar frivolous appeals of sentences that were based on a guilty plea; and allow a prosecutor to seek a court order to force submission to a chemical blood alcohol test in certain cases of driving while intoxicated.

In addition, I am especially gratified that long-standing concerns of mine to enhance the rights of crime victims were put forward by the LEC and adopted. One such measure provides that courts consider restitution to victims as an alternative punishment in appropriate circumstances. Another liberalizes the amounts victims can ask a court to award for property losses or medical expenses.

Taken together, these changes constitute a serious effort to deal comprehensively with many of the problems of the criminal justice system.

But these breakthroughs, however salutary, are still only a beginning. The proposals which the Law Enforcement Council has made which remain to be acted upon include: an Organized Crime Control Act that would give state and local prosecutors critical weapons in the fight against organized crime; a major expansion and revamping of probation services that will give new life to this essential but long-neglected element of the system; a switch to the federal system of selection of jurors by judges, eliminating the dilatory and hugely expensive voir dire system now used in the state courts, under which the lawyers select the

December 12, 1984


jurors; increased capacity for local jails which are literally bursting at the seams; and further assistance to crime victims.

I am greatly encouraged by the results that have been obtained through the spirit of cooperation and collaboration generated by the Law Enforcement Council. Further success in creating the best possible criminal justice system in which the public can have the highest degree of confidence will depend on continuing broad support from the public. As a person of prominence who has a leadership role in the community, I want to keep you informed of these crucial developments and hope that I will have the benefit of your counsel and your help in building and maintaining that all-important support.

I look forward to hearing your comments and reactions. For your added information, I am enclosing a few recent articles and commentaries which offer greater detail about certain aspects of this subject.

With best personal regards.

Sincerely,



ROBERT ABRAMS



ROBERT ABRAMS
ATTORNEY GENERAL

STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N. Y. 10047

May 10, 1985

Hon. Albert N. Abgott

Kenmore, New York 14217

Dear Al:

Traditionally, on Law Day, May 1st, the Attorney General addresses the Court of Appeals and an audience of top public officials and leaders of the bar. This year, I devoted my Law Day remarks to the urgent needs of the criminal justice system. Pointing to the importance of a long-overdue comprehensive approach to fighting serious crime, I called for a major increase in law enforcement resources for police and prosecutors, supported in part by new state funding; encouragement of innovative programs to improve the effectiveness of police and prosecutors; and statewide consolidation of the court system to promote improved court management.

In combination with the development of a new system of tougher, determinate sentences, which I support, this program would give us the appropriate resources to respond vigorously to the challenge of widespread criminality. With three-quarters of a million major crimes reported in New York State last year, we must be prepared to make responsible changes and reforms and to devote additional funds to making our communities safer.

I am enclosing a copy of my Law Day remarks as they appeared in the New York Law Journal. As always, I would very much appreciate your comments and reactions. As I shape concepts outlined in the address into more detailed proposals for the consideration of the law enforcement community and the Governor and Legislature, your suggestions will be especially helpful.

With warmest personal regards.

Sincerely,

ROBERT ABRAMS

ARV last-name, first-name, mr, dear, title, company1, company2, street,



STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N. Y. 100-47

ROBERT ABRAMS
ATTORNEY GENERAL

September 13, 1985

&mr& &first-name& &last-name&
&title/o&
&company1/o&
&company2/o&
&street& &suite-apt&
&city&, &state& &zip&

Dear &dear&:

Recently, I took the initiative to organize a group of state attorneys general to oppose elimination of deductibility of state and local taxes as part of any tax reform program. Twenty of my colleagues joined me in a statement to the President and leaders of Congress expressing our unanimous view that the scheme to allow double taxation would undermine the essential role of states and localities in our federal system.

The twenty-one attorneys general involved are of different parties and philosophies and represent every region of the country, including both larger and smaller states. It is especially noteworthy that they come from both relatively high- and low-tax states.

Moreover, we are a group with widely differing views on tax reform. Personally, I strongly favor genuine tax reform along the lines of the Treasury Department's first plan ("Treasury I") or the Bradley-Gephardt plan, sponsored by New Jersey Senator Bill Bradley and Missouri Representative Richard A. Gephardt. The nation's tax system has become not only unfair, but also a burden to economic growth, as political favoritism to special interests and not the markets has increasingly become a decisive force in allocating capital.

September 13, 1985

But, despite the long-overdue need for comprehensive change, double taxation is no reform. Since the income tax began in 1913, the tremendous responsibilities of state and local governments for public services such as education, police and sanitation have been recognized, and the deductibility provision has been taken for granted. As of last year -- excluding defense and interest on the debt -- the federal budget was \$542 billion, while aggregate spending of state and local governments was \$470.7 billion. This makes it abundantly clear that the major revenue streams available to state and local governments for the past 72 years are needed, and that any disruption of this system will wreak havoc. It is estimated, for example, that if deductibility is disallowed, the nation's 15,000 school districts will be forced to cut back by twenty percent. This would cause a major crisis in public education.

Elimination of the deductibility of state and local taxes would also be a terrible blow to New York City. It would send a devastating signal to the business community. Major corporations would find that their well-paid executives would rather live in Connecticut or some other state. For many, this would be an inducement to locate or relocate beyond the borders of New York State. Middle income homeowners who pay hefty real estate taxes would also seriously suffer under such a plan. It's important, therefore, that we continue to mount a vigorous fight on this serious issue.

I am enclosing for your information a copy of the statement to the President from the 21 attorneys general. As always, I am eager to get your reactions and comments on this issue of critical importance, especially to New Yorkers. I look forward to hearing any advice or input you may have.

With warmest personal regards.

Sincerely,

ROBERT ABRAMS



STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N. Y. 10047

ROBERT ABRAMS
ATTORNEY GENERAL

December 27, 1985

&mr& &first-name& &last-name&
&title/o&
&company1/o&
&company2/o&
&street& &suite-apt&
&city&, &state& &zip&

Dear &dear&:

In seven years as Attorney General, few achievements of my office have been more gratifying personally than our success in attracting the best and brightest men and women in the legal profession. Public service always has had an appeal to attorneys, and we have sought to maximize that appeal by working hard to give the Office of Attorney General the highest professional quality.

The New York Law Journal recently focused on our considerable success in recruiting excellent, experienced attorneys -- often at a substantial financial sacrifice -- from many of the major law firms. This is just one aspect of our recruitment of a first-rate staff from the non-profit sector, government and the private bar, but it is an especially satisfying part of that larger story. A copy of the Law Journal article is enclosed for your information.

Quality recruitment is the foundation of all our other initiatives in the office. We have supplemented this effort with training programs and seminars for our lawyers. It is part of the program we have established to make the Attorney General's office a professionally run, quality law office. As always, I would very much appreciate hearing any comments or ideas you may have concerning this or any other phase of the office's mission.

With warmest personal regards.

Sincerely,

ROBERT ABRAMS



STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N. Y. 10047

ROBERT ABRAMS
ATTORNEY GENERAL

April 18, 1986

Mr. Edward R. Downe, Jr.

New York, NY 10022

Dear Ed:

This is a crucial year for law enforcement in New York State in its struggles with the mob, corrupt public officials and politicians, and white collar criminals. Law enforcement has taken on some formidable challenges, forcefully, diligently and responsibly. But these challenges have spotlighted major weaknesses in our state law enforcement capability that must be corrected.

As allegations of criminal wrongdoing by high public officials and powerful party leaders in New York City have unfolded, the close cooperation among federal, state and local prosecutors has been notable. For example, the investigations focusing on collections contracts in the city's Parking Violations Bureau were handled primarily by U.S. Attorney Rudolph Giuliani, while investigations of alleged fraud by Citisource, Inc. in obtaining a contract for a hand-held summons-issuing computer were handled mainly by Manhattan District Attorney Robert Morgenthau and by my office. The dramatic series of indictments of major mob figures has been possible because of the same kind of cooperation at work. One federal case -- the indictment of leading mob figures on charges that they constituted a "commission" that directed gangster enterprises -- was made possible by investigative work done by the New York State Organized Crime Task Force, an arm of my office.

This close cooperation on matters involving highly organized criminal conspiracies is not only desirable; it is essential. Federal action is not only helpful because it brings vast investigative resources to bear on important cases; it is indispensable to successful indictment and prosecution of some serious crimes. Federal laws are better designed to deal with certain modern sophisticated crimes and to bring violators to justice. The comparable New York State laws are disturbingly out of date.

First and foremost, New York State needs an Organized Crime Control Act, patterned after the federal Racketeer Influenced and Corrupt Organizations Act (RICO). Under RICO, federal prosecutors are able to

April 18, 1986

attack patterns of criminal activity and to find and seize assets that represent the profits of crime.

Second, we need to extend the reach of state bribery laws. Under present state law, payments to party officials to influence public officials cannot be prosecuted as bribery. Also, a public official cannot now be prosecuted for accepting bribes unless he is actually able to bring about personally the result desired by the briber. We need a law which holds party officials accountable for corrupt influence-peddling and which defines bribery to include any acceptance of a payment by a public official to influence an official act.

Third, we need to revise the present unnecessarily restrictive state requirement for corroboration of testimony given by criminal accomplices. In most cases of public corruption and organized crime, accomplices' agreeing to testify is the only way to prosecute anyone at all. Not only the federal government but also most other states permit the use of accomplice testimony alone to convict defendants. With its special burdens of powerful crime syndicates, high-volume narcotics trafficking, public corruption and the potential for large-scale economic crimes of many kinds, New York State badly needs this important criminal justice reform.

These three changes are critical. They are being pressed vigorously by the Law Enforcement Council -- a statewide alliance which I was instrumental in organizing and which is made up of the Attorney General, district attorneys, police chiefs, sheriffs, the Citizens' Crime Commission and New York City's Criminal Justice Coordinator. State prosecutors should have every appropriate strong weapon necessary to combat the grave threat to society posed by organized crime and the special danger to honest, democratic government presented by unscrupulous public figures who violate their oaths and sell their trust.

These proposals are now pending in the Legislature, and we need the help of every citizen in securing approval of these and other long-overdue reforms in the state's criminal justice system. Federal officials will always have certain advantages in investigating matters that involve interstate or international activities or are covered by some uniquely federal jurisdiction. But we in the Empire State should stand as equal partners with the federal government and play a full part in defending the interests of our own state's citizens.

For additional information about these vital issues, I am enclosing a few recent new articles and comments. I urge you to contact members of the Legislature to let them know your views, and, as always, I would appreciate hearing any comments and suggestions you may have.

With warmest personal regards.

Sincerely,



ROBERT ABRAMS

Enclosures



STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N. Y. 10047

ROBERT ABRAMS
ATTORNEY GENERAL

May 16, 1986

Mr. and Mrs. Paul Milstein
1271 Avenue of the Americas 42nd floor
New York, NY 10020

Dear Paul and Irma:

"Honest politician" may appear to be an oxymoron to some cynics, but not to me. Having spent decades working with thousands of hard-working, dedicated and honest people who hold important elective public office, work in the halls of government and lead our great political parties at every level, I know that most public servants are, like me, deeply angered by any act of corruption involving the public's interest. The recent, shocking spectacle of high public and party officials abusing the public trust placed in their hands disturbs us profoundly. It makes us determined not only to punish any who may be guilty of crimes but also to adopt strict reforms to prevent the recurrence of such abuses.

That is why Governor Cuomo and Mayor Koch appointed a special commission headed by Columbia President Michael I. Sovern -- a panel that has begun to issue reports and make recommendations for strong action. That is also why both Governor Cuomo and I have independently proposed tough and far-reaching reforms that are very similar in approach. We both want to establish an independent State Ethics Commission with strong enforcement authority; to require detailed financial disclosure by public officials and candidates; and to limit political party officers from lobbying or doing business with government. We hope the Legislature will act favorably on these and other long-overdue ethics-in-government reforms. Only sweeping changes like these will restore badly shaken public confidence in our governmental and political institutions.

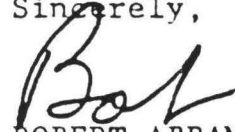
May 16, 1986

As you may know, I have also urged my own party to act decisively, regardless of how speedily the Legislature takes up these issues. In a letter to the Democratic State Chair and to county leaders and state committee members, I have proposed that the Party adopt rules at the upcoming State Convention that would bar certain major party leaders from holding elective party office and prohibit these same leaders from doing business with government. These were, in fact, the two sets of circumstances in which many of the serious corrupt acts that have been alleged recently were nurtured. In my view, this kind of bold, unilateral action by one of the major parties will press the other parties to take similar steps and will make comprehensive legislative reform inevitable.

For your information, I am enclosing a copy of my Law Day statement on the need for ethics reforms and some recent articles about my proposals for the party rules changes. As always, I value your views as a leader in the community and would appreciate any reactions or comments you may have.

With warmest personal regards.

Sincerely,



ROBERT ABRAMS

Enclosures



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, N. Y. 10271

ROBERT ABRAMS
ATTORNEY GENERAL

February 6, 1987

Mr. and Mrs. Meshulam Riklis
Rapid American Corp.
725 Fifth Avenue 18th floor
New York, NY 10022

Dear Rick and Pia:

With the hectic holiday and inaugural period behind me, I wanted to take a moment and share briefly with you my reflections on the past few months and the period ahead. My re-election to the office of Attorney General was both exciting and gratifying. The margin of victory was the biggest in the history of the office, 65.12%. I carried 60 of the 62 counties in New York State, losing the two by a combined total of only 191 votes.

Also deeply gratifying was the fact that my candidacy was supported by every daily newspaper in the state that editorialized on the election. A sample of these editorials is enclosed.

As I begin my new term of office, I will continue to press for reforms in the ethics and conflict of interest laws of our state. The scandals that have been uncovered in New York City and the abuses elsewhere in the state have undermined the credibility of our political system. We urgently need to adopt stringent new reforms in order to restore public confidence in government.

My proposals include creating a powerful state ethics commission, imposing new restrictions on the outside activities of current and former public officials, prohibiting top-level party officials from being paid for representing private clients before government agencies, preventing an individual from being both a party and public official at the same time, requiring financial disclosure from all elected, and top-level appointed, officials and reforming our campaign finance laws. I used this theme in my Inaugural Address in Buffalo. I'm enclosing a copy of a Buffalo News editorial on these initiatives.

February 6, 1987


Another issue critical to the State of New York is the adoption of legislation dealing with the very serious dangers posed by the accidental release of toxic chemicals into the air or water. While the tragedy in Bhopal and the spill last year into the Rhine River have made the public aware of the enormous risks we run, there have been many smaller leaks of toxic chemicals in New York State over the years. Preventing a Bhopal tragedy in New York is a must. I introduced a bill that would require industrial plants which have toxic chemicals on site to take steps to prevent accidental releases, to prepare plans to respond to an emergency, to work in cooperation with the communities in which they are located and to report any toxic releases to government agencies. My office has been working closely with the Governor's office, the Legislature and business community representatives on the bill, and I believe that there is a good chance of passage before the 1987 session ends.

Finally, since becoming Attorney General, I have spent a substantial amount of time advocating reforms to aid in the enforcement of our criminal statutes. Much of this work has been done through the Law Enforcement Council, which I helped form five years ago with the District Attorneys, Sheriffs, Police, the Mayor of the City of New York and the Citizens Crime Commission. Last year, the Council achieved the passage of a State Organized Crime Control Act, a measure which I had first introduced in 1982. I continue to believe that there is a critical need for increased funding of the various elements of the criminal justice system, including the police, prosecutors, courts, sheriffs, probation and parole offices and correctional system. In 1987, I expect to be joining with the other members of the Law Enforcement Council in proposing additional funding of identifiable programs which have proven to be effective in the fight against crime.

As always, I am eager to get your reactions, which in the past have helped to guide my efforts in important ways. I'll keep you posted periodically on our major initiatives.

With warmest personal regards.

Sincerely,



ROBERT ABRAMS



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, N. Y. 10021

ROBERT ABRAMS
ATTORNEY GENERAL

June 22, 1987

Mr. Jeffrey S. Silverman
President
Ply-Gem Industries
919 Third Avenue 6th floor
New York, NY 10022

Dear Jeff:

- Since January of 1986, scandal and corruption have dominated the news of state and local government. The daily deluge of revelations of self-dealing by government officials and the resulting wave of public indignation present us with an historic opportunity to recast the way the public's business is done.

Of particular interest to me in the past few months have been the efforts to adopt new rules of ethical conduct for governmental and party officials. I have called for action on two fronts: the State Legislature and the major political parties in the State. I have sent a package of bills to the Legislature detailing specific reforms which I regard as essential if public confidence in government is to be restored. As part of the effort to secure these reforms, I counseled and supported Governor Cuomo's veto of the ethics bill initially passed by the Legislature. (My memorandum to the Governor as reprinted by the New York Times is enclosed.) Agreement on a more comprehensive bill has not, as of this moment, been reached, though negotiations are continuing.

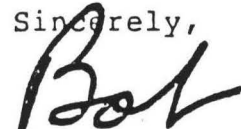
Recognizing the difficulty of achieving bipartisan, bicameral agreement on such complex and sensitive issues, I decided to open the second front and I called upon the four major parties to reform how they conduct their business. I felt that my own party should provide leadership in this crucial struggle and could immediately do so by revising its own rules rather than waiting passively for the actions of the Legislature. As a result of my efforts, the 1986 convention of the Democratic State Committee created a Special Committee on Ethics to draft comprehensive rules covering Democratic party leaders.

Unfortunately, in my opinion, the report adopted by the Committee majority missed the mark. The majority proposals are much weaker than what the current crisis of confidence demands. Just as Governor Cuomo recognized that the public deserves better than half-hearted and porous efforts on the legislative front, I have called for the rejection of the majority recommendation in favor of the superior minority report. I have included my detailed statements on this matter.

I would be delighted to get your reaction to these efforts. At the very least, I feel it is important to let you know that many of us are involved daily in the painstaking work of reordering the machinery of government so that it can be honest, effective and worthy of the trust of its citizens.

With warmest personal regards.

Sincerely,



ROBERT ABRAMS

NED REGAN SUPPORT COMMITTEE

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COMMITTEE TREASURER
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COMMITTEE SECRETARY
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COMMITTEE IN FORMATION

To: LSH

From: Bill Hicks

Date: November 23, 1987

Having made a thorough review of our files in search of a possible Chairman for next May's Dinner Dance, I have narrowed my list of candidates for the job to the following:

"A" List (in alphabetical order)

James E. Cayne, Co-President, Bear, Stearns & Co.

If the Wall St. rumor mill proves true, Cayne will soon be named sole President, his Co-President, E. John Rosenwald, having been asked to step down. In the '86 campaign, Cayne, with the help of Rita Hauser, raised over \$60,000 within the firm toward EVR's re-election. In '87, Cayne made a solo effort and raised nearly \$70,000 from within the firm. Clearly, he wants the job and can do the job within his firm. We do not know if he has any outreach. Will Cayne be so ticked off if he is not asked to be Chairman that we will lose a minimum of \$50,000? Would Cayne be ticked off if we asked Chairman Ace Greenberg in his stead?

Peter A. Cohen, Chairman, Shearson Lehman Brothers

Shearson has never taken the lead for one of our events; unlike Citibank, Merrill Lynch, Salomon Bros., Drexel and First Boston, because they've never been asked. Perhaps we would be turned down if we asked. I hesitate to explore the matter with T. Pulling because I suspect that Pulling would try to get off the hook if I bring up the suggestion, whereas if you explore the idea with him, he might have to take it up with Cohen.

Richard Jenrette, Chairman, Equitable Life

As you know, the firm is composed of Equitable Investment Corp. (Benjamin D. Holloway, President), Donaldson, Lufkin & Jenrette, and Alliance Capital Management. All three entities are regular contributors to the Support Committee. Personally, I doubt if Jenrette would accept. Would Holloway carry sufficient weight within the investment community?

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Exhibit
11

NED REGAN SUPPORT COMMITTEE

Page

COMMITTEE CHAIRMAN
Lawrence S. Huntington

COMMITTEE TREASURER
Wilfred J. Meckel II

COMMITTEE SECRETARY
Polly Weber

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C. Kevin O'Donoghue
Floravante G. Perrotta

Carl H. Pforzheimer III
Howard W. Phillips

John R. Price
Thomas L. Pulling

Bradford J. Race, Jr.
William J. Regan, Jr.

Stephen Robert
William A. Schreyer

Frank P. Smeal
Charles F. Smithers, Jr.

William I. Spencer
Mananne Spraggins

Madelon D. Talley
Edward L. Tirrell

Philip A. Toia
John Trubin

Charles J. Urstadt
James M. Wadsworth

John F. Wallace III

COMMITTEE INFORMATION

"A" List (continued)

Gerald Tsai, Chairman, Primerica Corp.

Now that Primerica is realizing its goal of becoming a full-fledged financial services corporation through its acquisition of Smith Barney, do you think that Tsai might be receptive? Or would he suggest that we approach either John Orb or George Vonder Linden of Smith Barney? Smith Barney has given every indication that it wants to do much more business with the Comptroller's office.

John Weinberg, Chairman, Goldman Sachs

I will explore the notion with Arthur Spector who is a new member of the Support Committee, if you want. I don't know Weinberg's politics, although I do know that his two newly-named Vice Chairmen, Stephen Fried and Robert Rubin, are major Democratic fundraisers.

"B" List

Theodore Forstmann, Chairman, Forstmann Little

He raised nearly \$60,000 for '86 re-election hosting luncheon with L. Lehrman at "21".

David T. Kearns, Chairman, Xerox Corp.

Neither he nor the corporation has ever contributed to EVR, but the corp. purchased Furman, Selz... this past summer. Perhaps, Roy Furman would approach him on our behalf.

Henry Kravis, Kohlberg Kravis Roberts & Co.

He has contributed nearly \$100,000 over the past five years. As you know, he is a new member of the FORBES 400 and with his wife, Carolyn Roehm, appears to be underwriting/chairsting half the major charitable event in the City, (an exaggeration, of course, but you know what I mean.)

Lewis T. Preston, Chairman, Morgan Guaranty Trust Co.

Under T. Dennis Sullivan, the bank became friendly with EVR the past two years. Unfortunately, Sullivan has moved on to head Princeton U.'s endowment. Am I correct in assuming that Preston carries a lot of weight in the financial community?

300111

ENED REGAN SUPPORT COMMITTEE

Page

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Lawrence S. Huntington

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Philip A. Tola
John Trubin
Charles J. Urstaad
James M. Wadsworth
John F. Wallace III

COMMITTEE IN FORMATION

"B" List (continued)

Leonard Lauder, President, Estee Lauder Inc.

As you know, the Lauder family is very generous to the Republican Party. Estee L. is co-chair of upcoming Conservative Party Dinner. Eric Javits could approach L. Lauder.

Others

Willard Butcher, Chairman, Chase Manhattan

Thomas Labrecque, President, Chase Manhattan

Chase is the only one of the Senior Managers of "Spring Borrowing" that has never chaired one of our events.

John Reed, Chairman, Citibank

Walter V. Shipley, Jr., Chairman, Chemical Bank

Summary

I don't believe that 1988 will be an easy year for us with regard to fundraising, given the competition of the Presidential race and the NYS Senatorial election. Therefore, I do not think we should "settle" for a "caretaker" chairman - my mind still reels over the 1984 debacle when E. Javits, B. Lambert and the Hon. W. Rogers served as co-chairs - but must aggressively seek someone (or two) who will take the ball and run with it on our behalf. It could mean a \$50,000 - \$100,000 difference for us.

300112

MEETING WITH ROD SMITH

In discussing our fund raising problems, goals and operation with Rod Smith of the National Republican Senatorial Committee, Rod made it clear that with Ned's power and fund raising base, we should not have a problem, rather, we should have more money than we know what to do with.

I explained to Rod that Ned was the sole trustee of \$26 billion (an amount that grows by a minimum of \$2.5 billion a year) and was the final say on which firms receive commission business, etc.

Rod commented that Ned had more leverage than most elected officials since he provided firms with actual dollars, while a senator or governor can only provide a vague promise to assist with legislation or make a few introductions and phone calls.

Rod felt the major problem was with Ned. He assumed (rightfully so) that Ned was too much of a nice guy, that the firms were aware of this and knew he would not pressure them into coming up with large political donations. This, he said, has to change. He must make it clear that those who give will get.

He felt the best way to get this message out was to create a board for each segment of the Common Fund's asset base (equity, fixed income, mortgages, venture capital, cash). These boards would be made up of top people from each of the firms and would assist Ned in making the proper investment decisions. In order to get on these boards, members would be invited to pay \$20,000 a year, and of course, Ned would end up doing most of the investment business with these people.

While that idea may be a bit too radical, I feel it could be boiled down a bit to relate to the Regan Support Committee. As you are well aware, that Committee currently is made up of a few people who deliver and many people who want to see their name on an invitation. The Committee could be restructured to include only top CEOs such as William Shryer of Merrill Lynch. Each member could be made responsible for a sizeable amount of money and in return, they or their firm would make a sizeable amount of money. While still not the most subtle approach, it would send a clear message to the street.

Rod pointed out that a strong, elite committee also would provide an attractive forum for the powers that be in Washington. He could not think of one senator, cabinet member, etc., who would not jump at the chance to talk to the people Ned deals with. Ned could be the leader and point man rather than one of the followers.

id he?
Rod also felt that Ned, in order to make himself better known in Washington, should join the Senatorial Trust. While the price tag is high (\$10,000 a year) it is a very high level, well connected group who could be of great assistance to Ned.

Concerning our fund raising operation in general, Rod felt that we need more of an organization with the ability to follow-up. A staff of one, regardless of how good the person was, certainly was not enough. He admitted that this would not be a cheap proposition, but felt the return would more than justify the creation of this organization.

During a discussion on PACs, Rod felt we had no real reason to start a campaign of that nature and should stick with our natural constituency (underwriters, investment bankers). I explained to him that the Common Fund with an equity portfolio of \$11 billion, was a major stockholder in every corporation in the U.S. and that our vote on a particular proxy issue was extremely important. I added that we had never received funds from any of the PACs of these corporations. In reply, he said we should try to get the CEOs of these corporations involved in our fundraising efforts, not the PACs.

At the end of our meeting, Rod said he would be happy to come to New York and discuss fund raising with Ned.

OFFICE OF THE STATE COMPTROLLER

INTER-OFFICE MEMORANDUM

To: Mr. Regan

Date: August 23, 1985

From: Joe Palumbo

Subject: William Shryer

Larry Huntington met with Jean Rousseau regarding asking William Shryer to chair the next fund raising event.

Rousseau asked Shryer how he felt about it and Shryer has agreed.

The next step is for you to call Shryer's office and set up an appointment for the week of September 3 (the 2nd being Labor Day) and make the formal request.

Larry feels that it is very important that he get together with you prior to your meeting to discuss your approach with Shryer.

I will call you tomorrow to further discuss the matter with you.

Meanwhile, I will ask Mary Grace to set up the meetings between you and Shryer and you and Larry.

Exhibit
13

200205

NED REGAN
SUPPORT COMMITTEE
DINNER CHAIRMAN
William A. Schreyer
DINNER ARRANGEMENTS
AND ENTERTAINMENT
Mary Sharp Cannon

VICE CHAIRMEN

Robert Aronson
Andrew M. Blum
Bernard B. Baker
Thomas A. Blum
James F. Carey
Peter A. Cohen
Arthur D. Ford
Thomas W. Evans
Paul R. Frost
Robert M. Gorman
Theodore Levinson
Row. C. Lerman
Robert A. Gersard
Thomas J. Gohilberg
Joseph H. Hovson
Hans E. Hovson
Michael Hovson
Thomas Y. Hovson, Jr.
Brennan D. Hovson
Richard D. Hovson
Howard B. Hovson
Gerald B. Hovson
Eric M. Jones
Peter S. Kohnen
Richard Kerner
Brennan V. Lerner
Joseph L. Motta
Harry L. Nove

Leon Levy
Hon. John V. Lindsay
Eugene J. Mack
Robert J. Maltz
Donald B. Maran
Hans C. Manner
John M. McCarthy
Joni R. Mervin
Paul Minton
Stephen Mottel

Thomas E. O'Connor
Frank H. Odell
C. Kevin O'Donnell
Norman L. Jack
Charles P. Peltier
Frederic C. Perrella
Milton Perine

Carl H. Plaszewski III
William F. Plunkett, Jr.
Thomas L. Poling
Bradford J. Rose, Jr.
William J. Reagan, Jr.
Hon. William P. Rogers
Jean J. Rousseau
Dora Sussman
Peter Jay Stein
Frank P. Smead

Charles F. Smithers, Jr.
William T. Spraker
Jerry Spitzer
Marjorie Sprague
Louise M. Sunshine
Madison DeVoe Tolley
Edward L. Turrel
Peter M. Turek
Philip A. Turo

John Turen
Peter Turo
George Turok, Jr.
James M. Wadsworth
John F. Walden III
Leo M. Walsh
Polly Weber
Dore M. Williams
Stephen B. Wilson

MEMBERS

Harry W. Albright, Jr.
Robert S. Amersky
Richard Amos
Stephen B. Ashley
Anna T. Beaton
Richard A. Bernstein
Robert W. Bouchard
Dennis S. Buchan
Thane Canavan
William W. Cohen
John Cornes
Peter J. Costigan
Henry Deland III
Frederick DeMatteis
E. Camilla Dietz
Alan Dunnigan

James D. Featherstonhaugh
Barry Feinstein
William D. Fogarty
Lawrence Gaskin
Christine Gershard
Victor P. Greene
Robert Gueh
John F. Hangerly
Arthur Hagg, Jr.
John J. Hyland
Paul Janic
Howard T. Kaniel
David Karchenbaum

Northern R. Knox
Stephen Knox
Kathleen Lacey
Robert Lamb
Leonard Lander
George H. C. Lawrence
Edward Lander
Gerald S. Lerner
Douglas S. Lurie, Jr.
Janet A. Lurie
Robert C. Lyter
Eric P. Mayer
Joy Mayers

Joseph M. Murgatta
Joseph Mottone
Anthony M. Neuphan
Victor J. Nelson
Joshua J. Moss
John C. Nelson
Sandra Osh
Richard D. Osh
Richard D. Parsons
Howard W. Patten
Thomas J. Peltier
Lorenza P. Quinn
Frank Roubik
Walter N. Roubik, Jr.
Donald S. Schuman
Eugene Schwall
Frank Shoup
Irving Shoup
Jack Shoupman
Maurice Shoup
William F. Simon
Lee M. Smith
John B. Sprague
Robert Street
Frank A. Sullivan
Thomas Sullivan
William B. Viner
Joey Widen
Robert G. Widen

CHAIRMAN

FINANCE COMMITTEE
Lawrence S. Hovson

THESE

Walter J. Maltz, Jr.
THREE FOUR
Walter J. Maltz, Jr.
THREE FIVE

THREE SIX
Walter J. Maltz, Jr.

THREE SEVEN
Walter J. Maltz, Jr.

THREE EIGHT
Walter J. Maltz, Jr.

THREE NINE
Walter J. Maltz, Jr.

FOUR
Walter J. Maltz, Jr.

FOUR ONE
Walter J. Maltz, Jr.

FOUR TWO
Walter J. Maltz, Jr.

FOUR THREE
Walter J. Maltz, Jr.

AN EVENING AT THE
NEW YORK STATE THEATER
AT LINCOLN CENTER
IN HONOR OF NED REGAN

Monday, January 27, 1986

LOBBY

Cocktail Reception

PROMENADE

Dinner and Dancing

MENU

Fantasia de Fruits de Mer

Paupiette of Veal and Chicken

Sauce aux Morilles

Melange of Spring Vegetables

Lemon Mousse

Strawberries au Chocolat

Cotes du Rhone

Orvietto Antinori

Demitasse

ENTERTAINMENT

Montgomery, Plant & Stritch

MUSIC

Michael Carney

HONORED GUESTS

Samuel J. Altmann, Jr., A. Tracy Anderson, George H. Baker, Anthony J. C. Berman, Victor M. Burke, Roy M. Carver, Marvin S. Gershard, Irene H. Hovson, John D. Johnson, Frank J. Lander, J. Edward Maltz, Stephen B. Maltz, Jr., Sam Plaszewski, James F. O'Donnell, Leon O'Donnell, Andrew F. O'Donnell, Gertrude Hess Peltier, Dennis Peltier, Richard M. Rosenberg, Michael Sharp, Guy Viner

LIST OF COMMITTEE

January 27, 1986 - Lincoln Center Dinner Dance - SEATING BY TABLE

Table #1

Terry Newman & Guest
 John & Joanne Baranello
 Bonnie Graham
~~Mary Grace Mullen~~
~~Marion Murphy~~
~~Pat Cunningham~~
 Deborah Granato
 Jeanette Milione

#2

M/M C. Kevin O'Donoghue
 M/M Joseph J. Larkin
 M/M Kenneth Horner
 Robert W. Bouchard (KEY BANK)
 Dennis S. Buchan (KEY BANK)

#3

Walter Kicinski
 Beth de Hamel
 Ruben Madina
 Jerry Selitto
 Paul Ladd
 Kristin Mannion
 4 Guests

#4

Margaret Carey
~~Jack Locus~~
~~Gene McInerney~~
 Steve Bernhardt
~~Roger Vogt~~
~~Margaret Vogt~~
 Cynthia Crispen & Guest
 2 Guests

#5

Edward L. Tirrell & Guest
 M/M Robert Battle
 M/M Bernard Meldrum
~~M/M Morgan Murray~~
 Tifton Simmons & Guest

#6

Hans C. Mautier
 M/M Warren G. Hamer
 M/M J. Michael Maloney
~~William I. Spencer~~
 Victoria Bianchi

#7

M/M Albert A. Walsh Eugene Southern M/M Sheldon Siegel
 Blaise G. A. Pasztory Edward Gibbs M/M Cond. Lindenthal
 Mary Huntington M/M Robert Martin
 C. Thomas Kunz M/M Phillip Rodilosso
 Roger M. Zaitzess M/M George Long

Table #8

Jay Manas
 Bruce Bent
 Dina Needleman
 Shaun Benet
 M/M Morton Egol

Robert & Joan Pennington

Leslie Maebe & Joe Cashin

Table #9

Dennis Sullivan
 Frances Miley
 Karen Eisenstadt
 Clay Meyers
~~Richard Tauber~~
 David S. Schallman
 Andrew Cooper
 Tom Mooney

Table #10

M/M Howard Lim, Jr.
 William Newmark & Guest
 James E. O'Doherty
 Jerry Kassar
 Frances vella
 James Gay
 Jim Rutherford
 Robert Ryan
 Jerry Boehm
~~Vincent Downing~~
 Table #11

M/M Harry W. Albright, Jr.

M/M Roger S. Phelps

M/M Victor J. Melone

M/M Peter M. Toczek

Table #12

M/M Stephen Mittel
 M/M Scott Marsh
 M/M Cliff Henry
 M/M Charles Ringle
 Steve Kaufman
 Bill Jonnson

Table #15

Table #16

M/M Bernard R. Bober
 M/M Edward Dimon
 M/M Donald Dunn
 M/M Burt Ehrlich
 Bill Hudson
 Ramona Adams

Table #17

Richard F. Kezer
 Stephen A. Hopkins
 John Wetzler
 Valerie Lancaster
 John Young
 M/M James P. Murphy
 Patricia K. Perlman
 Ann F. Walsh
 Richard D. Parsons

#18

Thomas Y. Hobart, Jr.
 Dan Sanders
~~Sondra Feldman~~
~~Patricia Stryker~~
 Irwin Polishook
 Nuala Drescher
 William Dougherty
 Nancy Berger

#19

M/M John McCarthy
 M/M Thomas S. Henderson
 M/M John Walsh
 M/M Paul White
 John Sutherland
 Ronald Lynch

#20

John F. Wallace III
 Herman Charbonneau
 Elaine Brennan
 Denise Finney
 M/M Robert Zirkle
 Jeanette Brummell
 Elizabeth Condon
 Frederick de la Vega

#21

Josenn Sano & Warren Dietz
 Phil Caruso
~~Thomas J. Piga~~
~~Barry Feinstein~~
~~James Featherstonhaugh~~
 Clifford Riccio
 Michael Long

#22

Janet A. Luhrs
Stuart Wershub
Chris Ring
Marian Granowitz & Guest
Patricia Briggs &
Vincent Brana
Margaret Soter
Carol Sunderland

#23

Raymond S. Jackson
M/M Joseph Forte
M/M Lawrence Swenson
M/M Omer Williams
Diana Browne
Lauris Rawl
1 Guest

#24

Thomas W. Evans
Lois L. Evans
Arthur & Myra Mahon
Robert Peduzzi
Diane Smook
Lance & Dee Wilson
Leon & Mabel Weil
Robert Nisely
Robert Ellenberg

#25

Eric & Margaretta Javits
Howard Cooper & Guest

M/M Richard LeFrak

M/M Patric J. Foley

M/M Victor P. Greene

Jocelyn Javits

#26

M/M William J. Regan, Jr.
M/M Richard O. Hopkins
M/M Peter C. Regan
Caroline Lasso
Allison Lasso
Ward Lasso
William Hopkins

#27

Ned Flynn & Guest
M/M Richard Helmbrecht
M/M Richard Locke
Monica MacAdams
Michael Smith
Cindy Cobbs & Guest

#28

Robert O'Neill
Paul Jancu
Robert Lamb
M/M David Kirschenbaum
M/M Robert Steves
Stephen Kovacs

#29

Theodore Forstmann
Nicholas Forstmann
William Brian Little
Judith Little
John Sprague
Dorothy Whitmarsh
Steven Klinsky
Pamela Connolly
Peter Lusk
1 Guest

#30

M/M Philip A. Toia
Jane Sinatra
Blair Mitchell
M/M Palmer Turnheim
Wolfgang Schoellkopf
George Borris
2 Guests

#31

Richard & Amelia Bernstein
C. Austin Fitts

Muriel Siebert
Douglas Luke & Jess Belser

Satoishi Oishi

Susan Fisher &
Robert Greenwood

Marianne Spraggins

#32

M/M John Trubin
Flora Schnall & John Nelson

Joseph & Irene Mattone
Rita & Gustave Hauser
Elinor Bachrach

Louis J. Lefkowitz

#33

Ron Maiorana & Maureen
Connolly
M/M Serphin Maltese
M/M Guy Velella
M/M Andrew O'Rourke

#34

Jennifer Regan
J. Daniel Mahoney
William D. Fugazy
John Hyland & Frieda Wal
M/M Lawrence Quinn
William W. Cobbs & 2 Gues

#35

James M. Wadsworth
M/M John C. Barber
M/M Gary Schober
M/M Francesco Galesi
Anthony Delorenzo
David Buicko
Robert Amdursky

#36

M/M Thomas E. O'Connor
M/M Joseph McManus, Jr.
M/M Thomas F. Meade
M/M John Sietes, Jr.
M/M Gregory Verini

#37

M/M Richard Cooper
M/M Gene Crowley
M/M Tom Meade
M/M John O'Brien
M/M Fenn Putman

#38

Edward V. Regan
M/M William A. Schreyer
M/M Anthony J. Colavita
Earle I. Mack & Carol Dick
Andrew & Fliss Blum
Patricia Patterson
Charles F. Smithers, Jr.

#39

M/M Daniel P. Tully
Jean & Georgann Rousseau
M/M John G. Heimann
M/M James E. Murphy
M/M John B. Sprung

#40

M/M Robert Linton
M/M Fred Joseph
James Balog
Joel Mesznik
Robert Schiffer
Jeffrey Apfel
Kathleen Lacey
James Hesser
Mary Jo Jacoby

#41

M/M Samuel J. Abate, Jr.
Dennis Radigan & Dee Forrester
George & Rosemarie Bucci
John & Marilyn LaSpaluto

#42

Frederick DeMatteis & Guest

Joshua L. Muss & Guest

Irving Shatz & William Volet
Terry & Robert Anderson

#43

M/M Robert Foran
M/M Morris Goodwin
M/M Raymond Lyles
M/M Dennis Santo
Carol Bellamy

#44

Gerald Lippes & Guest
William Hudson & Guest

Richard Rosenbaum
M/M Richard C. Fiset
Robert B. Mayer

#45

Carl & Betty Pforzheimer
M/M L. Guthart
M/M G. Frelinghuysen
M/M H. Blodget

#46

Larry & Caroline Huntington
Charles & Nancy Beck
M/M Alan Medaugh
M/M Henry Thompson
Christian & Anson Nolan

#47

Frank P. Smeal
Robert Cenci
David Clapp
Robert Downey
John Griffith
Michael McCarthy
Judah Sommer
Arthur Spector
2 Guests

#48

Fioravate Perrotta
Hon. & Mrs. Wm. P. Rogers
Paul M. Hopkins
Lewis B. Stone
Ellen L. Taylor
Frank E. Sisson II
Lee M. Smith & Valerie
Kilhenney

#49

Benjamin Lambert & Guest
M/M Joel Goldfrank
M/M Jay Joseph
M/M Ken Zarrilli
M/M Leonard Rizzolo

#50

Thomas Pulling
Albert Bellas
Duke Chapman
Jack Gault
Scott Higgins
Keith Thomas
Ronald Stack
Nancy Henze
Stanley Pardo

#51

M/M Homer D. Schaaf
M/M E. Michael Bradley
M/M Joseph Armbrust, Jr.
4 Guests

#52

M/M Daniel Harman III
Frank & Linda Sullivan
Ann Hagan
William McCarthy
Zenaida Chinloy
Steve Kantor
Gail Gordon & Joseph
McCale

#53

Sharon & Steve Portnoy
Paul & Mary Gojkovich
M/M William Plunkett

#54

10 GUESTS

#55

Jack Carroll & Desmond Ryan
Harry Levine & Edw. Connors
Howard & Cherry Kaneff

Arthur Hug, Jr.

John V. Scaduto
John & Jean O'Leary

#56

Frank Bass
Patrick J. Callan
Thomas A. Caputo
Steve Cordes
Joe Flanagan
Frank Gunsberg
Philip Iglhart
Peter Steil
Michael Scadron
Bruce Surrey

#58

Louise M. Sunshine
M/M Jim West
M/M Gregory Liegey
Harian Batrus & Guest
Jonn Kabacki
M/M Paul Matlow

#59

M/M Charles Urstadt
M/M Henry Pearce
M/M Fred B. Morrison
Martin Gallagher
M/M Fred Salomon

#60

Lea & Tom Gochberg
M/M William Hama
M/M Alan Levine
M/M Anthony O'Connor

#61

Ian Bruce Eichner
Howard Hornstein
Enid K. Feist
Ronald Altman
Henry S. Miller
Conrad J. Gunther, Jr.
David H. Berman
Murray F. Mascis
Peter D. Shuldiner
Robert R. Hunt

#62

John & Mary Lindsay
M/M Donald Elliott
M/M Eugene W. Harper
Louis R. Tomson
Betsy Tomson
John E. Hull
Amy B. Kuhn

#63

Wilfred J. Meckel II
M/M David Banta
M/M William Hazen
Mac & Madelon Talley
John Lynch
Polly Weber

#64

Michael D. Hernandez
Jonathan Plutzik
Ronald Gault
Thomas Jacobs
Eva Hassett
Claire Goodman Pellegrini
Paolo Pellegrini
Rona Pocker
Richard Tilghman
Mrs. Richard Tilghman

#65

Leon Levy
Shelby White
M/M Jon S. Fossel
Mary S. Cronson & Guest
Michael Fineston
Alexander Cortesi
Mrs. Norman Peck

#66

Norman L. Peck
M/M John Emmanuel
M/M William Stern
Linda Wooldridge
Kurt Dean
Donal Murphy
2 Guests

#67

William Hicks
Kyle DeBenham
Judy & Michel Cornier
Joseph Palumbo
Chris & Gerry Goodwin
Irene R. Halligan
Jerry & Lelia Raibourn
Scott Malfitano

OFFICE OF THE STATE COMPTROLLER

INTER-OFFICE MEMORANDUM

To: Comptroller Regan
Larry Huntington

From: Bill Hicks
Joe Palumbo

Date: March 11, 1986

Subject: Fundraising

The following are names and firms that may be contained elsewhere in this memo but should be highlighted for various reasons.

Dale Horowitz - Must become more involved, particularly for September event.

Jerome Goldstein/Bear Stearns - Must become more involved
Alan Greenberg

Robert Linton - EVR to ask him to Chair September Event but must discuss with L.H. before March 19 dinner.

Lauder Family - EVR is having lunch with Leonard Lauder and Dan Davidson on March 28. He must talk to L.H. before luncheon.

→ ~~John Whitehead - J.P. to set up breakfast meeting~~

Frank Smeal - EVR to meet for breakfast. *John Whitehead to set up*
- Who is partner in charge?
- Ask for support.

Eli Jacobs - Arranged Drew Lewis lunch for March 21.

Dick O'Connor - Offered to help but someone (undecided) has to get back to him.

Shreyer; Spencer; Shoemaker - Offered to get corporate types together. EVR feels Larry should talk directly to them.
Need to file B, L, D

Ben Lambert - EVR & J.P. to meet with him and bring a list of one or two dozen names of real estate types. (Hicks and Palumbo to compile list).

to Larry - set up lunch
Louise Sundtman - set up (undecided)
Larry Huntington - EVR to have lunch

Forbes 400 (Minimum Net Worth: \$150 million.)

Edgar Bronfman (Seagrams) - EVR to visit Rita Hauser.

C. Douglas Dillon - Andy Blum to contact Pat Patterson who will then set up meeting with EVR.

Semour Durst (Developer) - To be arranged.

Thomas M. Evans (Crane Co.) - Seymour Knox to introduce EVR to him. Knox also is a friend of L.H.

Larry & Zachary Fisher - Eric Javits to bring EVR to their offices.

Malcolm Forbes - Pulling to Robinson to Forbes.

Francesco Galesi - Wadsworth.

Maurice Greenberg - EVR to ask Louise Sunshine.

Harry Helmsley - Pulling to set up a meeting.

Peter Kalikow - To be arranged.

Lauder Family - EVR is having lunch with Leonard Lauder and Dan Davidson on March 28. He must talk to L.H. before the luncheon.

Samuel LeFrak - To be arranged.

John Loeb - Nothing more to be done.

Mack Family - EVR to clean-up problem.

Paul Milstein - To be arranged.

Jack Parker - To be arranged.

Milton Petrie - EVR to talk to Eric Javits.

Phipps Family - Andy Blum to contact Dinny Phipps.

Jack & Burton Resnick - To be arranged.

Robert Rich Sr. & Jr. - Wadsworth.

David Rockefeller - Hold off.

Laurence Rockefeller - Hold off.

Happy Rockefeller - Hold off.

:

200215

OFFICE OF THE STATE COMPTROLLER

INTER-OFFICE MEMORANDUM

To: Comptroller

Date: May 19, 1986

From: Joe Palumbo

Subject: Fundraising
(Various)

ROCHESTER: We should begin to get organized now that the Buffalo event is over. Possibly we should get a preliminary Rochester Support Committee together to discuss date, time, amount of ticket, etc.

SYRACUSE: We have an excellent list and now should attempt to find a Chairman for the event. I think Dr. Malfitano would be a good choice.

LONG ISLAND: We should try to get moving as soon as possible. Please let me know what you want me to do.

WESTCHESTER: Again, if we are going to try anything, we should move quickly.

ALBANY: The envelopes have been addressed and the invitations should be printed today, but we're running a couple of days behind schedule. Also, you said to remind you to contact labor leaders regarding this event.

BEN LAMBERT: I spoke with Martha Wallau late Friday (5/16) and she assured me that the people would be contacted. Martha and I also discussed the real estate developer/real estate attorney event and feel it should take place late summer. Lenny Rizzolo is getting a list together of all developers we deal with. The list will be ready this week.

LEONE PETERS: When you have a little more time after the convention, Mr. Peters should be contacted and taken up on his offer to host a dinner.

TED FORSTMANN: I spoke with his office on Thursday and they asked to change the date to June 25. Once firmed up, I will contact Eric Javits and Larry Huntington to make certain one or both will attend.

Exhibit
16

200220

MANUFACTURERS HANOVER: I met with John Price about 10 days ago. He assures me the meeting between you and the executive committee will take place but wants to make certain Mr. McGillicuddy is in attendance. John also agreed to join our Support Committee. (This could mean a larger contribution than the bank's usual \$2,000).

METROPOLITAN LIFE: Bob Bott (you met at the breakfast) expressed a "very strong" willingness to participate in your October Fundraiser. I will continue to keep in contact with Metropolitan.

DREXEL BURNHAM: I am meeting with Joel Mesznik tomorrow (5/20) to discuss the October event in general and the corporate angle in particular, Kathy Lacey has been given the list of holdings and we'll begin there. Also, I am setting up a meeting with you, me, Kathy Lacey and Bob Shiffer to get things moving. This meeting will be after the Convention. Kathy, others from Drexel and I are meeting with Bob Linton on Friday (5/23).

PROPOSED "OTHER NEW YORK EVENT": I would appreciate it if at the Friday Support Committee meeting you would strongly express your desire to hold such an event. I feel we could raise a substantial amount of money. Jocelyn Javits would like John Castle (her boss) to chair such an event.

RONALD PERELMAN: Jocelyn said "he'll do anything I want". She expects to get a large donation from him.

TO: Comptroller Regan
FROM: Joe Palumbo

DATE: October 9, 1986
SUBJECT: Fund Raising

Larry Huntington et al have immediately begun to move on the next fund raising initiative with calls already placed to Peter Sharp, Ronald Perelman and Ivan Boesky. Larry and Eric will now visit them and we'll see what happens.

What you must do is call Henry Kravis, Carl Icahn and Lawrence Tisch. When you reach them you should explain that you had a fundraiser on Monday and while it was successful, the campaign needs additional funds. You should then say you would like to have Larry Huntington, Chairman of Fiduciary Trust and the head of your committee along with Eric Javits meet with them to discuss fundraising ideas. (With Henry Kravis it's important that you don't say you want him to contribute more personally. As you know, we would like him to arrange a Forstman-type luncheon).

The phone number for Messrs. Kravis, Icahn and Tisch are as follows:

Henry Kravis - 212/750-8300
Carl Icahn - 212/957-6303
Lawrence Tisch - 212/841-1000

The calls to these three people are just the beginning. We will have additional people in a day or so.

On a related manner, Bill Hicks and I are designing a letter to be sent to about 200 wealthy individuals asking them to make a contribution. Bill Shreyer will be asked to sign about 20 letters and the remainder will be signed by Larry and Eric. We will then follow up.

Also, I called Martha Wallau and explained that while we appreciated the breakfast, it bore no resemblance to our initial discussion. I explained that we needed additional help and that Larry Huntington would like to meet with Ben to discuss approaching people such as Ed Minskoff, Fred Wilpen and Marty Raynes. She said she would set up the appointment immediately.

Larry mentioned one other phone call he feels you must make. That is, to Bob Linton to thank him for his help on the event.

To: E.V.R.

Date: December 11, 1986

From: J. Palumbo

Subject: Spring Borrowing-Related
Contributions

From the management group of 17 firms, 16 contributed. Bankers Trust did not contribute and Mani Hani did very little.

Firms contributing from the management group were: Merrill Lynch; Salomon Brothers; Citicorp; Chase Manhattan; Chemical Bank; Morgan Guaranty; Manufacturers Hanover; First Boston; Ehrlich-Bober; Goldman, Sachs; Norstar Bank; Prudential Bache; Bear, Stears; Shearson Lehman; Smith Barney; and Drexel Burnham.

From the lower bracket of 124 firms, only 17 contributed.

The 17 contributing firms were: Hutton; Kidder; Marine Midland Bank; Morgan Stanley; Paine Webber; L.F. Rothschild; Wertheim; Dillon, Read; Donaldson, Lufkin & Jenrette; First Albany; Lazard Freres; Dean Witter; Chase Lincoln; Key Bank; Oppenheimer & Co.; Daniels & Bell; Manufacturers and Traders Trust Co.

MONDAY, DECEMBER 15, 1986

7:15 AM Depart by car from Katonah for Albany.

9:00 AM Arrive Albany.

ALBANY OFFICE

10:30 AM Meeting w/ Messrs. Dunn, Tomson, Hull, Healy, Hadley and Ms. Gridley. Re: State debt.

11:30 AM Meeting w/ Mr. Bob Doherty of the NYS Federation of Police. Re: pension supplementation.

12:00 N Interview w/ Mr. Jay Gallagher of Gannett News. (Claudia)

1:00 PM Meeting w/ Messrs. Dunn, Tomson, Hull and Ms. Gridley. Re: Spring borrowing.

2:45 PM Depart by car for New York City. (Rosie)

6:00 PM Gala Supper at the Parker Meridien. 118 W. 56th St. at 6th Ave. 212/245-5000. BLACK TIE.

8:00 PM Gala Reopening of Carnegie Hall. 57th St. at 7th Ave. 212/247-7800.

o/n - New York City

Rosie - 212/581-8100

Mark - 518/449-7345

To: EVR
From: J. Palumbo
Subject: Mike Hernandez
Date: November 24, 1987

Currently, First Boston, like many other firms, is in the process of re-thinking its priorities and it seems likely that public finance will not be on the top of the list.

Several weeks ago, it was announced that First Boston would be promoting a subordinate of Mike Hernandez's to help him co-manage the public finance area. While many people think this means a demotion for Mike, I think he's being groomed to take over other areas of First Boston such as corporate finance. He is considered very valuable by the firm and has done a great deal for its bottom line.

But while he does great things for First Boston, he has done almost nothing for us.

During the last fundraiser, the only thing First Boston did was buy one table, and we just received the final payment two days ago. He, along with Shoemaker, was extremely uncooperative and seemed to feel the firm was doing us a favor by lending its name to the event.

We do an enormous amount of business with the firm (\$231,000 in commissions for this fiscal year to date) yet they more or less refused to return the favor.

February 24, 1987

To: EVR
From: Joe Palumbo
Subject: First Boston

The following is business conducted with First Boston for the fiscal year beginning April 1, 1986 through January 31, 1987.

Equity Commissions	\$ 97,246
Short-Term Credits	289,913
Fixed-Income Credits	<u>210,260</u>
Total	\$597,419

The total puts First Boston in the number three slot out of the 67 firms with whom we do business.

The firm also is an active player in Spring Borrowing serving in the management group.